

Work First New Jersey Evaluation

**WFNJ Clients Under
Welfare Reform: How
Is an Early Group
Faring Over Time?**

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***Robert G. Wood
Anu Rangarajan
John Deke***

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Department of Human Services
Office of Policy and Planning
222 South Warren Street
Trenton, New Jersey 08608

Project Officer:

Gayle Riesser

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Mathematica Policy Research, Inc.
P.O. Box 2393
Princeton, New Jersey 08543-2393
(609) 799-3535

Project Director:

Anu Rangarajan

Survey Director:

Todd Ensor

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Robert G. Wood
Anu Rangarajan
John Deke

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EXECUTIVE SUMMARY

In 1997, New Jersey implemented its welfare initiative, Work First New Jersey (WFNJ), which includes five-year time limits on cash assistance, immediate work requirements for most clients, and expanded support services. To learn how current and former welfare recipients are faring under these reforms, the New Jersey Department of Human Services contracted with Mathematica Policy Research, Inc. to conduct a comprehensive five-year evaluation of the initiative.

This report, the fourth in a series tracking the progress of a statewide sample of an early group of WFNJ clients who participated in the program during its first 18 months of operations, focuses on three main questions: (1) How has this early group of clients progressed economically over the four- to five-year period since they entered the program? (2) What are clients' employment patterns, and who is at highest risk of job loss? and (3) What are the typical marriage patterns of WFNJ clients during the first few years after they enter the program?

KEY FINDINGS: IN BRIEF

How has this early group of WFNJ clients progressed economically? Four years after entering WFNJ, these clients have made substantial economic progress and continue to move toward self-sufficiency. Many have left welfare for work, average income levels have increased substantially, and serious hardships have declined. However, much of this progress occurred earlier in the follow-up period. The pace may have slowed, in part, because of the faltering economy and, in part, because clients who were the most job ready left welfare for work early in the follow-up period. In addition, although this early group of clients has made substantial progress overall, some continue to struggle. Throughout much of the period, about 1 in 10 were off TANF and lacked a substantial alternative source of financial support. Many of these clients return to TANF or employment fairly quickly, while some remain in this status for the longer term. In addition, more than four years after entering WFNJ, one in five clients remained on TANF. Many of these clients are approaching time limits and have limited job skills, which may make a welfare-to-work transition difficult.

What are WFNJ clients' employment patterns, and who is at highest risk of job loss? Although most clients have found jobs, many have had difficulty maintaining employment. More than three in four clients who found jobs experienced a job loss during the study period. Rates of job loss are highest during the first few months after job start, when clients are first dealing with the new demands of the workplace and balancing home and work life. Certain job-related characteristics are strongly associated with job loss, including working in jobs that offer low wages and few benefits and holding seasonal or temporary jobs. Those relying on public transportation to get to work, those using relatives to care for their children while at work, and those who are younger and less educated are also at higher risk. Programs offering retention services to employed TANF recipients may want to target these high-risk clients for assistance.

What are the typical marriage patterns of WFNJ clients? Marriage is fairly uncommon for clients during the first few years after they enter WFNJ. Only nine percent of clients who were unmarried when they entered WFNJ were married and living with a spouse four to five years later. Marriage is most common for clients who were married before they entered the program. In most cases, these "marriages" of initially separated clients represent reconciliations between married couples who had been living apart. Marriage offers substantial economic benefits for the small percentage of clients who do marry. They have substantially higher incomes and face fewer hardships than similar clients who remain single. However, these marriages are often unstable. More than a third of clients who were married shortly after entering WFNJ were not living with their spouses three years later—a rate of marital breakup that is twice the national average.

RESEARCH METHODS

This study tracks, over a five-year period, a representative statewide sample of an early group of WFNJ families who participated in the program between July 1997 and December 1998, the first 18 months of program implementation.¹ A total of five rounds of longitudinal surveys will be conducted with a statewide representative sample of as many as 2,000 WFNJ clients at intervals of approximately 12 months. The first, second, and third client surveys were completed in spring 1999, spring 2000, and spring 2001, respectively.

This report relies primarily on data from the fourth survey. More than 1,600 clients completed interviews in spring 2002, approximately four and a half years after they entered WFNJ, for a response rate of just over 80 percent. The survey asked about clients' employment histories, income sources, quality-of-life measures (including health, food security, and housing circumstances), social support networks, plans and concerns regarding TANF time limits, and other outcomes. We also use state administrative data on monthly TANF and food stamp benefits. In addition, to document the changing circumstances of sample members, the report draws on data from the three previous survey rounds.

KEY FINDINGS

How Has This Early Group of WFNJ Clients Progressed Economically?

- *The early group of WFNJ clients tracked by the study has experienced substantial economic gains in the four to five years since entering the program.*

Clients in this early group have experienced substantial economic progress in the years since they entered WFNJ. During the four- to five-year period since entering WFNJ, many of these clients have left welfare for work. By the fourth survey (conducted, on average, four and a half years after WFNJ entry), 50 percent were off TANF and employed, up from 34 percent at the first survey conducted three years earlier (Figure 1). Moreover, income has increased substantially for these clients over the follow-up period. After adjusting for inflation, the average monthly income for these clients increased from \$1,157 at the first survey (conducted about a year and a half after program entry) to \$1,543 at the fourth survey, three years later, an increase of 33 percent (Table 1). Moreover, poverty rates for these clients declined over this period (from 65 to 47 percent), as did the incidence of specific economic hardships, such as serious housing problems or difficulty getting enough food to eat (Table 1).

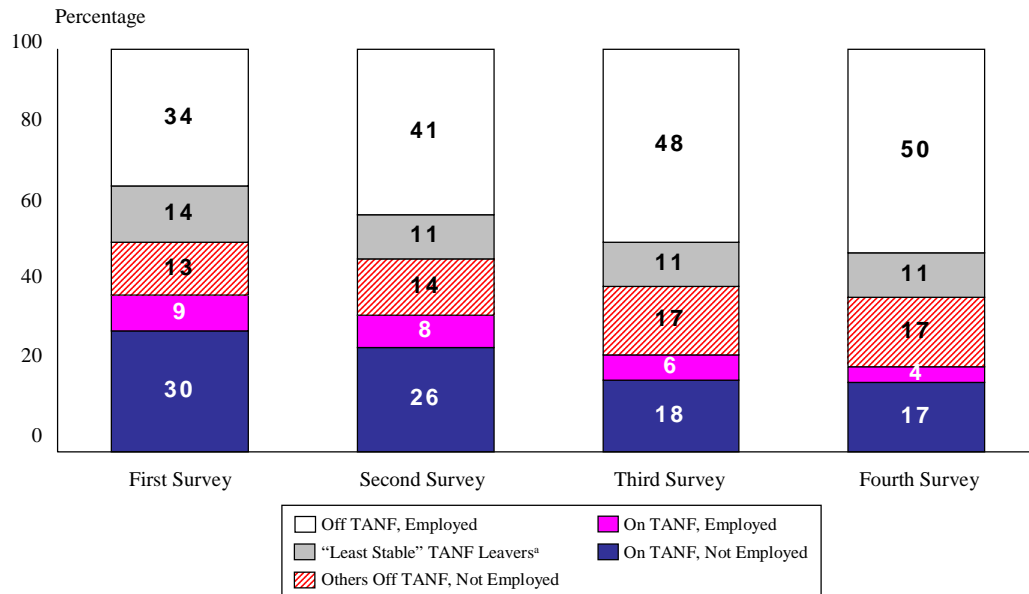
- *However, the pace of their progress has slowed considerably in the years since they entered WFNJ, especially in the most recent year.*

Four years after entering WFNJ, these clients continue to exit welfare for work. However, much of their progress occurred earlier in the follow-up period. The percentage of clients employed and off TANF increased substantially over the two-year

¹The sample includes clients who entered WFNJ from the Aid to Families with Dependent Children (AFDC) caseload in June 1997 and continued to receive Temporary Assistance for Needy Families (TANF) in July 1997 and clients who were not on the AFDC caseload when WFNJ was implemented but who started receiving TANF between July 1997 and December 1998.

FIGURE 1

**EMPLOYMENT AND TANF STATUS OF WFNJ CLIENTS
AT THE TIME OF THE FOLLOW-UP SURVEYS**



Source: WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: On average, the first, second, third, and fourth surveys were conducted 19, 30, 42, and 53 months after WFNJ entry, respectively.

*"Least stable" TANF leavers are defined as those who are off TANF, have not worked in the past three months, do not live with an employed spouse or partner, and do not receive Supplemental Security Income or Unemployment Insurance benefits.

TABLE 1

**ECONOMIC OUTCOMES OF WFNJ CLIENTS AT THE TIME
OF THE FOLLOW-UP SURVEYS
(Percentages, Unless Otherwise Indicated)**

	At First Survey	At Second Survey	At Third Survey	At Fourth Survey
Monthly Income (Dollars) ^a	1,157	1,370	1,501	1,543
Below Poverty Threshold	65	56	50	47
Experienced a Housing Crisis in Past Year ^b	30	23	20	19
Experienced Food Insecurity in Past Year	N/A	36	N/A	30
Sample Size	1,621	1,607	1,609	1,607

Source: WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: On average, the first, second, third, and fourth surveys were conducted 19, 30, 42, and 53 months after WFNJ entry, respectively.

^aIncome in 2002 dollars.

^b"Housing crisis" defined as experiencing one of the following: (1) having water or electricity cut off, (2) having to move in with friends or relatives to save on rent, (3) living in an emergency shelter, or (4) being homeless.

N/A = Not available.

period from the first to the third surveys, from 34 to 48 percent (Figure 1). In contrast, over the 12-month period between the third and fourth surveys, this percentage increased only modestly, from 48 to 50 percent. The pace of income growth has followed a similar trend. After adjusting for inflation, average income among these clients increased by 18 percent between the first and second surveys, by 10 percent between the second and third surveys, and by only 3 percent between the third and fourth surveys (Table 1). In addition, changes in poverty rates and other measures of economic hardship were largest earlier in the follow-up period.

Why has the pace of economic progress slowed for these clients? The faltering national and state economies have likely played an important role, since the follow-up period for the study includes both the end of the strong expansion of the 1990s and the recent economic downturn, which officially began in 2001. However, the pace of economic improvement started to slow down for these clients before the current economic dip began. Therefore, some of the slowing pace of progress would have been observed even absent the current recession. Early in the follow-up period, the economic progress for this group was driven by the movement off welfare and into employment of clients who were the most job ready, in particular, those with more education and work experience, those who were younger and in better health, and those without young children. During this period, gains were large and came quickly. In addition, clients who left WFNJ soon after entering the program experienced fairly rapid wage growth, which also contributed to the fast pace of economic progress. Later in the period, progress for the group came mainly from the movement of those with weaker employment skills off welfare and into work. These clients found lower-wage jobs and had less-stable employment patterns; hence, the gains continued, but at a slower pace.

- ***While the majority have experienced gains, some groups of clients continue to struggle. Some clients have left TANF but are not employed and lack stable sources of financial support.***

Although this early group of WFNJ clients has made substantial progress overall, some clients within it continue to struggle. For example, throughout much of the follow-up period, about 1 in 10 clients in this early group was off TANF, was not employed, and lacked a substantial alternative source of financial support (Figure 1). These “least stable” TANF leavers get by on very little income (averaging about \$500 per month) and rely heavily on friends and relatives, as well as on government assistance (such as food stamps or housing assistance), to supplement their small incomes and make ends meet. They tend to be more disadvantaged than other clients, with lower education levels and less work experience prior to entering WFNJ. Clients tend to move in and out of this “least stable” status fairly quickly, with many returning to TANF or employment within a year, and relatively few remaining in this status for a year or more.

- ***Others have remained on or have returned to TANF and are approaching their time limits.***

Four and a half years after entering WFNJ, about one in five clients remain on TANF (Figure 1). Many in this group are welfare “cyclers”—they left TANF but have returned. Like the “least stable” TANF leavers, these longer-term TANF recipients tend to be more disadvantaged than WFNJ clients in general, with less education and work experience

and poorer health. Many of these longer-term clients are approaching TANF time limits and have serious concerns about the potential consequences of their benefits ending. Some worry about the possibility of extreme hardships, such as eviction, homelessness, or not having enough food to eat. Most in this group are optimistic that they will find a job when they reach their time limits, but given their weak skills and inability to find a job even in strong economic conditions, their employment prospects may be bleak. Thus far, the state has used its ability to grant temporary extensions to the five-year time limit, so that, more than a year after the first clients began passing the five-year mark, very few WFNJ clients have had their benefits ended by time limits. Therefore, at present, most of these clients do not face the immediate possibility of losing benefits as a result of time limits.

- ***Clients who entered WFNJ with more education and work experience were the most economically successful. In addition, those who were younger, healthier, and did not have young children had greater economic success.***

Certain groups of WFNJ clients were more likely to experience economic success than were other groups. Not surprisingly, clients with higher levels of education and recent work experience when they entered WFNJ fared the best economically. They were significantly more likely than other clients to be employed, off TANF, and out of poverty four and a half years after entering the program.² Conversely, those with young children were less successful economically. Clients who had infants when they entered WFNJ were significantly less likely than other clients to be employed, off TANF, and out of poverty four and a half years later. Moreover, having another child after entering WFNJ substantially reduced the likelihood that a client would leave welfare for work and would exit poverty. Those clients had a probability of being out of poverty at the end of the follow-up period of only 44 percent, compared with a probability of 57 percent for similar clients who had not had a birth since entering WFNJ.

Younger clients with better health and larger social support networks also experienced greater economic success. For example, those who entered WFNJ when they were younger than age 25 were significantly more likely to be employed, off TANF, and out of poverty at the end of the follow-up period than were similar clients who were older than age 25. In addition, good health and economic success among WFNJ clients are closely linked. Those who described their health status as “poor” had only a 31 percent probability of being out of poverty, compared with a 56 percent probability among similar clients who reported “good,” “very good,” or “excellent” health. Finally, clients with larger social support networks were more economically successful. Those with larger numbers of friends and relatives who could be called upon in a crisis were significantly more likely to be employed, off TANF, and out of poverty four and a half years after entering WFNJ.

²These results are based on a multivariate analysis that controls for other client characteristics when estimating the likelihood of being employed, off TANF, and out of poverty.

WHAT ARE THE EMPLOYMENT PATTERNS OF WFNJ CLIENTS?

- *Many WFNJ clients are able to find jobs, but many have difficulty holding on to them. Rates of job loss are particularly high during the early months after job start.*

Overall, 85 percent of this early group of WFNJ clients have held a job at some point since entering the program. Although many clients have found jobs, most have also had a difficult time retaining them. Over three out of four clients who found jobs had experienced a job loss during the study period. Rates of job loss are the highest during the first few months after job start, when clients, who often have little employment experience, are trying to cope with the new demands of the workplace and balancing home and work life. Rates of job loss are much lower once someone has stayed employed for six months, a finding that is consistent with findings of other studies of newly employed welfare recipients. Quitting was the most common reason for job loss, with almost half of those who experienced a job separation reporting having quit their jobs. About half quit for personal reasons (such as health issues or problems with child care or transportation), while the rest quit for workplace-related reasons (such as difficulties with coworkers or unpleasant working conditions). Most who lose jobs eventually find other jobs; however, this often takes considerable time—about nine months, on average.

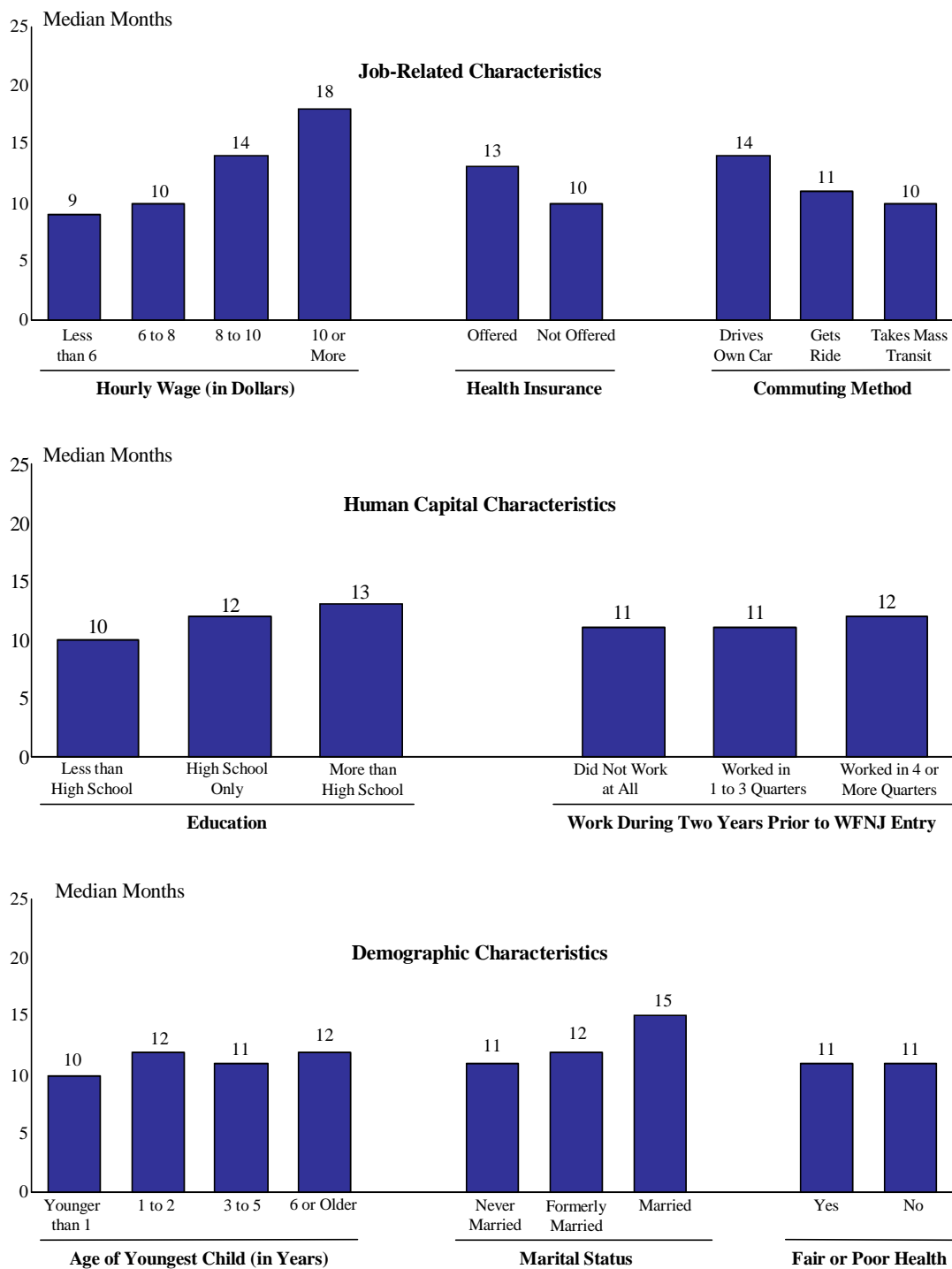
- *A number of demographic and human capital variables are strong predictors of which clients are able to find jobs quickly. Initial job characteristics, especially starting wages, are good predictors of which clients are most likely to keep jobs.*

Programs that provide employment services to current and former welfare recipients are often looking for ways to identify clients most at risk of poor employment outcomes, since these clients may need program services the most. We find that the set of client characteristics most relevant for identifying those at risk of poor outcomes depends on the particular employment outcome of interest. A number of demographic and human capital variables are strong predictors of how quickly clients find jobs. In particular, clients who report having fair or poor health, those who have an infant at home, and those who are older are likely to take considerably longer than other clients to find employment after WFNJ entry. These groups typically take about 20 months to find work, compared to 12 to 13 months for similar clients without these characteristics. Similarly, clients with less education and limited work experience typically take longer to find jobs. Therefore, programs that offer job placement assistance to TANF recipients who are not employed may want to target services to clients with these characteristics.

However, programs that offer job retention services to newly employed TANF recipients may want to use a somewhat different mix of factors for targeting services. We find that once clients have found jobs, several demographic factors that were important determinants of who found work quickly, such as health and age of the youngest child, are much less important than job-related factors and human capital variables for predicting who will keep their jobs. For instance, controlling for education and other factors, those who started in jobs that paid under \$6 an hour typically maintained their employment for 9 months, compared with 18 months for those who started in jobs that paid \$10 an hour or more (Figure 2). Other job-related factors, such as the availability of health insurance benefits, whether clients use formal day care

FIGURE 2

TIME FROM START OF FIRST POST-WFNJ-ENTRY JOB UNTIL JOB LOSS,
BY CLIENT AND JOB CHARACTERISTICS



Source: WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: Clients are considered to have experienced job loss if they are not employed for one month. Human capital and demographic characteristics measured at the time of WFNJ entry.

arrangements, and whether clients drive their own car to work, are also strong indicators of who is most likely to remain employed. Human capital variables, such as having more education or more work experience, are other good predictors. Therefore, programs that offer retention services to newly employed TANF recipients may want to aim their most intensive efforts toward clients who lack these characteristics, since they are most at risk of job loss. In contrast, we find that very few client or job characteristics are good predictors of which clients become reemployed quickly. Therefore, programs that provide reemployment services may want to offer these services more broadly, rather than try to target particular groups of high-risk clients.

- ***On average, clients are moving into higher-wage jobs over time; however, some clients experience large wage gains, while others do not.***

On average, clients who found jobs experienced an inflation-adjusted earnings increase of nearly 30 percent during the three-year period after their initial post-WFNI-entry job. Most of this increase was driven by a rise in hourly wages rather than in hours worked. The amount of earnings growth varied substantially across clients, with some experiencing large gains and others experiencing losses. Over two-thirds experienced an increase in earnings over the three-year period after their initial job started, and nearly 4 in 10 experienced an increase of 50 percent or more over the three-year period. However, about one-quarter of WFNI clients experienced a (typically modest) reduction in earnings over this period. Those starting in very low paying jobs (less than \$6 an hour) were the most likely to experience large wage increases. Younger clients, those with more education, and those living in more urban and more affluent areas were also more likely than others to experience wage increases over the follow-up period. Even with substantial wage growth, however, at the end of the follow-up period the average wages of this early group of WFNI clients remained at levels that would yield, for a full-time worker, an annual salary only slightly above the poverty threshold for a family of three.

WHAT ARE THE MARRIAGE PATTERNS OF WFNI CLIENTS?

- ***Marriage is uncommon for WFNI clients during the first few years after the clients enter the program. However, some groups are much more likely than others to marry.***

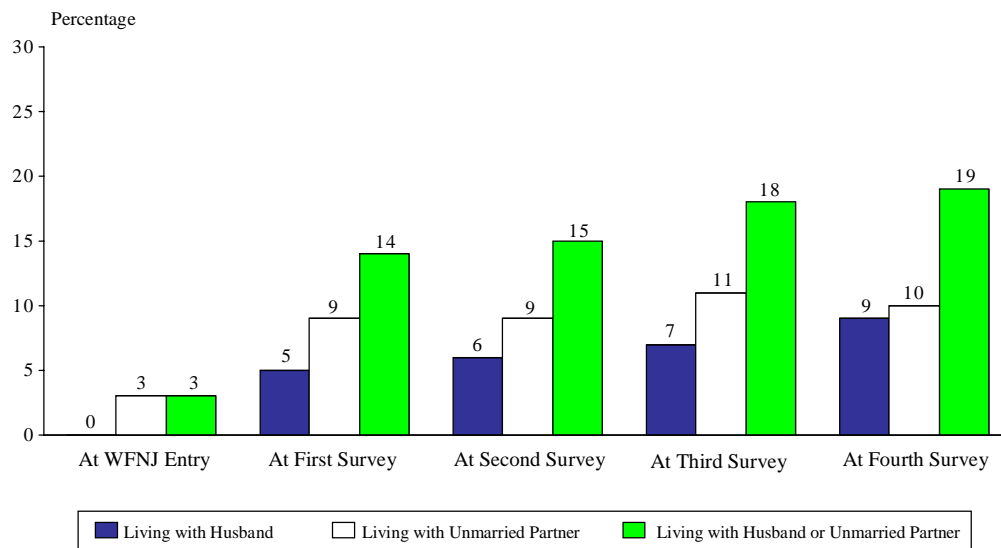
Almost all women (95 percent) who enter WFNI are unmarried.³ Moreover, marriage remains uncommon for these women during the first few years after they enter the program. At the fourth survey (conducted four and a half years after WFNI entry), only nine percent of women who entered the program unmarried were married and living with their husbands (Figure 3). Cohabitation is at least as common as marriage for these clients. At the fourth survey, 10 percent were living with an unmarried partner.

Some groups of clients are much more likely than others to marry. In particular, clients who were separated at WFNI entry are much more likely to be married and living with their husbands in the years after entering the program than are similar clients who

³In our analysis of marriage patterns, we have restricted our sample to the 97 percent of WFNI clients who are women.

FIGURE 3

MARITAL AND COHABITATION STATUS AT THE TIME OF THE FOLLOW-UP SURVEYS
AMONG CLIENTS WHO ENTERED WFNJ UNMARRIED



Source: WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: On average, the first, second, third, and fourth WFNJ client surveys were conducted 19, 30, 42, and 53 months after WFNJ entry, respectively.

had never been married when they entered the program, with 22 percent and 5 percent married, respectively, at the time of the fourth survey. In most cases, these “marriages” of separated clients are reconciliations between a married couple who had been living apart, a phenomenon that represents a third of post-WFNJ-entry marriages among these clients. In addition, similar to national patterns for the general population, the likelihood of marriage for WFNJ clients varies substantially by ethnicity, with African American clients much less likely than similar white clients to marry. A typical African American client has a 6 percent probability of being married and living with a spouse four and a half years after entering WFNJ, compared to a 15 percent probability for a similar white client.

- *Clients who marry after entering WFNJ have better economic outcomes than do similar clients who remain single.*

The economic outcomes of clients who marry after entering WFNJ are substantially better than those of similar clients who do not.⁴ For example, at the fourth survey, the average income of married clients was 65 percent above the poverty threshold, compared to only 10 percent above poverty for similar single clients (Table 2). The incomes of married clients were higher because, in most cases, their husbands worked, and the earnings of these men were a substantial contribution to family income. In addition,

⁴These results are based on multivariate analyses that adjust for differences across groups of clients with different marital statuses in age, education, ethnicity, and other background characteristics.

TABLE 2		
OUTCOMES OF MARRIED AND SINGLE WFNJ CLIENTS AT THE TIME OF THE FOURTH SURVEY (Percentages, Unless Otherwise Indicated)		
	Status at Fourth Survey ^a	
	Single ^b	Married Spouse Present
Family Income Relative to the Poverty Threshold	1.10	1.65***
Below Poverty Threshold	51	31***
Health Insurance Status		
Has public insurance	63	37***
Has private insurance	15	44***
Has any insurance	76	79
Evicted in Past Year	5	1*
Experienced Hunger in Past Year	12	6**
Sample Size	1,177	141
Source:	Fourth WFNJ client survey, conducted by Mathematica Policy Research, Inc.	
Note:	Results based on a multivariate analysis that adjusts for differences across marriage statuses in age, education, ethnicity, and other observed background characteristics.	
^a On average, the fourth survey was conducted 53 months after WFNJ entry.		
^b “Single” defined as not currently living with a spouse or unmarried partner.		
*/**/** Significantly different from the mean for single clients at the .10/.05/.01 level.		

married clients are much more likely than similar single clients to have private health insurance coverage—44 versus 15 percent—probably because some married women are covered through their husbands’ employers (Table 2). Similarly, married clients have a lower incidence of certain extreme hardships, such as being evicted or experiencing hunger.

- ***The marriages of WFNJ clients are relatively unstable.***

Many marriages that take place shortly after clients enter the program end quickly. Among women who married after entering WFNJ, more than a third were no longer married and living with their husbands three years later. This level of marital breakup is more than twice the national rate for all marriages. The low incomes of WFNJ clients may play a role in the clients’ high rates of marital breakup, since financial difficulties often lead to marital stress. In addition, the marriages of WFNJ clients are more likely than marriages generally to involve children who are not the biological children of both members of the couple, which can result in higher levels of conflict in a marriage.

IMPLICATIONS FOR POLICY

The early group of WFNJ clients tracked by this study has made substantial economic progress in the four to five years since entering the program. Many have left welfare for work. Moreover, their average incomes have increased while their poverty

levels have fallen. The pace of progress for these clients was the fastest during the early years after WFNJ entry but slowed in later years as the economy slowed, and as fewer and fewer job-ready clients among this early group remained on TANF. Despite the overall progress, however, some groups have continued to struggle. For example, some have remained on TANF and are approaching time limits. Others have exited TANF without a substantial alternative source of financial support. In addition, although most clients in this early group found work, rates of job turnover were high, and many experienced periods of nonemployment before finding another job.

Over the past several years, in response to various concerns about WFNJ clients, New Jersey has launched a number of initiatives to assess the needs of long-term TANF recipients, offer outreach to those who have left TANF and are not accessing post-TANF supports, and provide supplemental work supports to those leaving welfare for work. The text box below summarizes these recent state initiatives. Because many in the early group of WFNJ clients tracked by this study left welfare several years ago, the more recent WFNJ initiatives are unlikely to have a direct effect on them. Another report from this evaluation, planned for later this year, will examine a sample of recently enrolled clients who participated in WFNJ during 2000 and 2001. In this upcoming report, we will assess clients' knowledge and use of these more recent programs and services.⁵

RECENT STATE INITIATIVES FOR CURRENT AND FORMER TANF RECIPIENTS

Comprehensive Case Assessments. In November 2000, county staff began administering a comprehensive social assessment to all clients on TANF for 34 months or longer. Through the assessment, workers are expected to determine appropriate referrals and services for clients, such as referrals to the State Department of Labor's Division of Vocational Rehabilitation Services or to the state's Substance Abuse Initiative or Mental Health Initiative.

Supplemental Work Support Program. This program, launched in spring 2001, encourages working welfare recipients to close their cases in exchange for a monthly work support payment of \$200, regardless of the amount of their cash benefit. Clients who agree to do so are eligible for other post-TANF benefits, and their TANF "clock" stops.

Career Advancement Vouchers. Initiated in January 2001, these vouchers give employed former clients as much as \$4,000 toward program tuition to pursue additional training while they are working.

State Earned Income Tax Credit. In 2000, New Jersey introduced a refundable state Earned Income Tax Credit (EITC) for low-income families with children to supplement the federal EITC. When fully phased in during 2003, the state EITC will be set at 20 percent of the family's federal EITC amount. At that time, the maximum state EITC will be about \$500 for a family with one child, and about \$800 for a family with two or more children.

Individual Development Account (IDA) Program. In September 2002, the state launched the IDA program to help low-income families save to buy a house, to start a small business, or pay for higher education. Under New Jersey's program, for up to three years, participants' contributions to these accounts are matched by the state dollar for dollar (up to \$1,500 a year).

Outreach and Marketing Efforts. The state also recently developed a faith- and community-based collaborative to market available support programs and benefits, such as food stamps, to former TANF recipients. Letters and in-person visits are the marketing tools used.

⁵In addition, an upcoming Program Study report will address issues related to the implementation of some of the newer post-TANF initiatives.

As Congress moves toward TANF reauthorization and the next phase of welfare reform begins, the state will have several issues to consider. First, if the current economic downturn continues or worsens, the pattern of job turnover and periodic nonemployment among WFNJ clients may become more pronounced. Many states are starting to consider employment retention programs for welfare recipients who have exited welfare for work. Newly employed TANF recipients may face a variety of challenges as they make the transition, including child care and transportation problems, struggles with health or housing, and difficulties adjusting to the demands of the workplace. We find that WFNJ clients are at the highest risk of job loss during their first few months of employment. We also find certain factors to be associated with a higher risk of job loss. These include job-related characteristics (such as starting in jobs that offer low wages and few benefits, relying on relatives for child care, and using public transportation to get to work) and individual characteristics (such as being younger and being less educated). Stronger postemployment supports targeted to these high-risk clients (such as intensive case management and financial incentives for low earners) during the critical period immediately after job start may help some clients cope with the transition from welfare to work. The state may want to consider providing some job retention services either directly or in collaboration with workforce development agencies, so that support is available to clients during the early phase of the transition.

Second, the state continues to face the issue of WFNJ clients who reach the TANF time limit. Some clients began reaching the five-year mark for total TANF receipt in April 2002. So far, the state has been granting exemptions or temporary extensions to almost all clients reaching time limits. In the coming months, the state will have to decide whether to continue this policy. Although we find that most clients approaching time limits plan to get a job if they lose their benefits, with the high prevalence of personal barriers among these longer-term clients and their inability thus far to find employment even in strong economic conditions, it is unclear how realistic these plans are. For the past several years, the state has been working with Legal Services of New Jersey to move TANF recipients with severe disabilities into the Supplemental Security Income program. The state and certain counties have launched numerous initiatives to address the barriers, such as substance abuse and mental health problems, facing the hardest-to-employ clients. In addition, clients with severe employment barriers (such as chronic substance abuse, severe mental health problems, or serious learning disabilities) can be classified by the state as “chronically unemployable” and thus be exempt from the time limit.⁶ As more clients reach the five-year mark, the state’s greatest challenge may be to determine how to deal with clients who do not have such obvious barriers to employment but who nonetheless reach their time limit. Should some of these clients be granted permanent exemptions? What criteria should the state use for these exemptions? What should be done about clients who might not meet the criteria but who have been unable to get off welfare? Can some transitional-employment strategies be used to integrate some clients with multiple barriers into the workforce at a pace that is more realistic for them?

⁶Clients who are 60 years of age or older, those who are permanently disabled, and those with a severely disabled dependent also are exempt from the time limit.

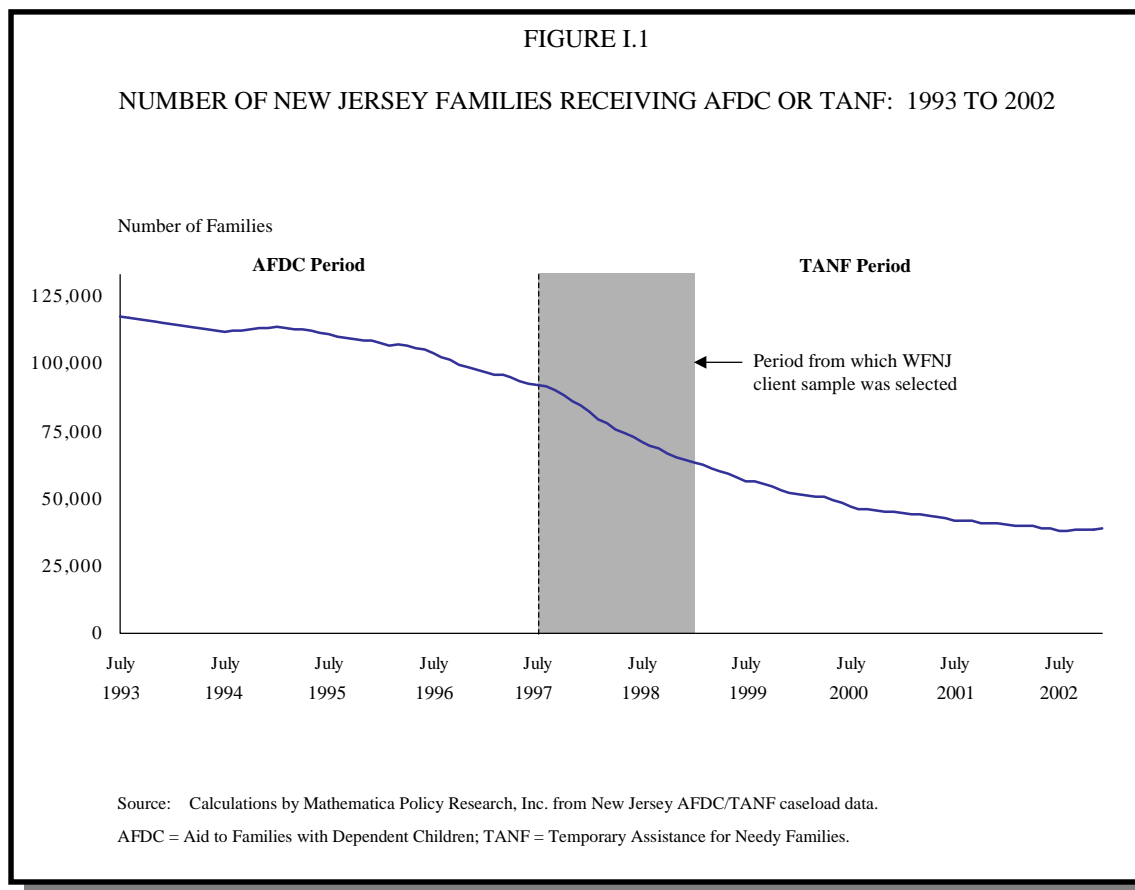
Third, the current national welfare policy debate is focusing increasingly on marriage. Moreover, when federal TANF legislation is reauthorized in the coming months, it is likely to place particular emphasis on marriage and may allocate substantial federal funds to programs designed to promote healthy marriage among low-income parents. As the federal government pursues this goal, the state will have to decide how to respond to the new focus. We find that only a small percentage of WFNJ clients marry after entering the program, which suggests that, even with an increased emphasis on marriage within the TANF program, marriage is unlikely to be a path off welfare and out of poverty for most of the current TANF caseload. Nonetheless, we find that, for the small percentage of clients who do marry, marriage is associated with substantial economic benefits. Therefore, programs and policies designed to encourage healthy marriages among TANF recipients interested in marriage may be worth considering. When developing these interventions, policymakers will have to pay particular attention to domestic violence to be certain that no one is encouraged to enter into or remain in an abusive or dangerous relationship. In addition, the high rates of marital dissolution among WFNJ clients who married after entering the program suggest that these programs should pay particular attention to the issues of separation and divorce, and that they work with these newly married couples to help them address problems that can lead to marital breakup.

I

INTRODUCTION

In 1997, New Jersey implemented its welfare initiative, Work First New Jersey (WFNJ), which includes a five-year time limit on cash assistance, immediate work requirements for most clients, and expanded support services. During the first five years under WFNJ and in the context of a strong economy over much of this period, New Jersey experienced an unprecedented reduction in its welfare caseload. The size of the caseload declined by nearly 60 percent from July 1997 (the time WFNJ was fully implemented) through July 2002 (Figure I.1). More recently (and mirroring national trends), the size of the caseload has stabilized as the economy has slowed.

To learn how families receiving cash assistance in New Jersey are faring and what has happened to those who have left cash assistance, the New Jersey Department of Human Services (NJ DHS) contracted with Mathematica Policy Research, Inc. in 1998 to conduct a comprehensive, five-year evaluation designed to provide frequent feedback to state policymakers and program operators. The evaluation has five components: (1) a longitudinal Client Study to track the progress of WFNJ families over a five-year period, (2) a Program Study to examine implementation issues, (3) a Community Study to learn how WFNJ is unfolding at the community level, (4) a Child-Only Study to look at the characteristics of child-only welfare cases in New Jersey, and (5) an



Unemployment Insurance (UI) Study to examine the eligibility for and use of UI benefits among WFNJ clients who have left welfare for work. The text box on the following page provides more detail on the five components of the evaluation.

A. OVERVIEW OF THE REPORT

The Client Study is designed to track how current and former WFNJ clients are faring over time under the new reforms. It focuses on the progress of an early group of WFNJ clients, those who received Temporary Assistance for Needy Families (TANF) during the program's first 18 months of operations—July 1997 to December 1998. This report, the fourth in a series, draws on data from the most recent survey (completed in spring 2002) to provide an updated profile of these clients' progress in employment, income, health, housing, and general quality of life. We examine how this group is faring on these measures approximately four and a half years after they entered the WFNJ program. In addition, we compare them with what we observed for clients on these measures at the time of the first, second, and third surveys, conducted approximately one and a half, two and a half, and three and a half years after WFNJ entry, respectively. We also examine patterns of employment and welfare receipt and identify groups of clients who have been most successful at moving off welfare and into employment and others who have struggled with this transition.

In addition, and distinct from previous reports in this series, we examine the marriage patterns of these clients over the four- to five-year period after they entered WFNJ. The national welfare policy debate is focusing increasingly on marriage. Therefore, a careful study of the marriage patterns of TANF recipients and the relationship between marital status and economic outcomes for this population should be a useful contribution. Data collected as part of the WFNJ evaluation provide a unique opportunity to examine this important issue.

This report addresses the following five broad research questions:

1. *What are the trends in welfare receipt, employment, and income among this early group of WFNJ clients?*
2. *What is the life quality of these clients, as measured by their health status, food security, housing arrangements, and size of their social support networks?*
3. *What are the employment dynamics of WFNJ clients, and what are their typical patterns of wage growth?*
4. *Which WFNJ clients stay on TANF the longest, and what are the plans and concerns of these longer-term clients as they approach time limits?*
5. *What are the typical marriage patterns of WFNJ clients, and how does marriage affect clients' economic status and well-being?*

Each of the next five chapters of the report focuses on one of these main questions.

On the basis of our analysis, we find that the early group of WFNJ clients tracked by the study continues to progress toward self-sufficiency, but the pace of their progress has slowed in the years since they entered the program. Four years after entering WFNJ,

THE WFNJ EVALUATION: A COMPREHENSIVE LOOK AT WELFARE REFORM IN NEW JERSEY

- The ***Client Study*** is tracking a statewide sample of WFNJ families over a five-year period to establish what happens to them before and after they leave welfare. Focusing on clients who participated in WFNJ during its first 18 months of operation, this study is documenting the welfare receipt, employment levels, income, health, housing arrangements, and other indicators of WFNJ clients' general well-being and quality of life. It is identifying factors affecting individuals' success in moving from welfare to work and is documenting changes in these measures over time. The study uses three main types of data: (1) a series of five longitudinal surveys with a statewide sample of as many as 2,000 WFNJ clients, conducted at 12-month intervals; (2) information from state administrative data systems on a larger sample of 10,000 WFNJ clients, documenting such outcomes as their welfare receipt, employment levels, and earnings; and (3) three rounds of in-depth, in-person interviews with a subset of WFNJ clients, designed to gather more detailed, qualitative information about their lives. In addition, the study includes a survey of a more recent cohort of WFNJ clients, to examine how the characteristics and outcomes of clients have changed over time.
- The ***Program Study*** is exploring operational challenges and promising strategies for overcoming them, to help state and county staff identify and address key implementation issues. It is also helping the state develop performance indicators to guide program improvement efforts. The analysis draws on state administrative data and three rounds of site visits to 10 of the state's 21 counties. During these visits, site visitors interview a variety of county staff members, conduct case file reviews, and observe key program activities.
- The ***Community Study*** included case studies in three areas—Newark, Camden City, and Cumberland County—to understand local opportunities and challenges facing welfare reform. The case studies focused on the employment patterns and service needs of low-income parents, the jobs available in local labor markets, and the local institutional response to welfare reform. The analysis drew on a survey of low-income residents, an employer survey, and interviews with local service providers and other stakeholders.
- The ***Child-Only Study*** examined a statewide sample of New Jersey families receiving child-only TANF grants. Child-only TANF families are diverse and include those headed by nonparent caretakers (typically, grandparents), as well as those headed by parents who are ineligible for TANF because they are on Supplemental Security Income (SSI) or because of their immigration status. The study included a survey of more than 500 adult caretakers of children on these cases, supplemented by detailed qualitative interviews with a subsample of these cases and by an analysis of state administrative records data. The study focused on the characteristics and origins of these cases, as well as on the stability and economic security of these households.
- The ***UI Study*** analyzed how the UI program functions as a safety net for TANF recipients who have exited welfare and found jobs. The study relied on administrative welfare records, UI earnings and claims data, and survey data for a subsample of WFNJ clients tracked by the Client Study who had left welfare and found jobs. The study calculated the proportion of these WFNJ clients who achieved monetary eligibility for UI benefits during the first few years after leaving welfare for work and how this proportion changed when eligibility rules were varied. The study also examined factors affecting nonmonetary eligibility, such as reasons for job separations. Finally, the study examined the actual use of UI benefits among these clients.

these clients continue to exit welfare for work; their total income and real wages continue to rise; measures of job and life quality continue to show improvements; and the overall prevalence of serious hardships continues to decrease. However, much of this progress occurred earlier in the follow-up period. These measures have changed relatively little over the 12-month period between the third and fourth surveys. The pace of progress may have slowed, in part, because of the slowing national economy and, in part, because some of the easier economic gains have already been made for this early group of clients.

Although this early group of WFNJ clients has made substantial progress overall, some clients in this group continue to struggle. For example, although many clients have left welfare for work, rates of job loss are high, and most clients who have worked since entering the program have had a period of nonemployment since starting their initial job. In addition, throughout much of the follow-up period, about 1 in 10 clients in this early group was off TANF, not employed, and lacked a substantial alternative source of financial support. These clients get by on very little income and rely heavily on the support of friends and relatives to make ends meet. In addition, four and a half years after entering WFNJ, one in five clients remained on TANF, many because they left TANF and then returned. Many of these longer-term clients are approaching time limits and have serious concerns about the potential consequences of their benefits ending. Many also have limited job skills, making a transition from welfare to work difficult.

Our findings show the broad trends concerning clients' progression during their first four to five years in the program. However, we cannot discern whether these trends are attributable to changes in New Jersey welfare policy, the strong economic conditions that prevailed during this period, personal maturation, or some other factor. Future analyses, which will include a new sample of more recently enrolled clients, will enable us to compare these two cohorts. This comparison should provide greater insight into the relationship between WFNJ policy changes and client outcomes.

B. WELFARE REFORM IN NEW JERSEY

In August 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act, which abolished the Aid to Families with Dependent Children (AFDC) program and replaced it with TANF. The legislation imposes a five-year lifetime limit on cash assistance and requires most clients to work after two years of benefit receipt. Under TANF, states have greater discretion in establishing program policies than they had under AFDC. In addition, they are allowed to impose stricter time limits and work requirements than those specified in the federal legislation. In April 1997, New Jersey began implementing the federal reforms as part of its WFNJ initiative. The new policies were fully implemented statewide by July 1997.

Under WFNJ, New Jersey has maintained some basic features of its former AFDC program. For example, the state has maintained its pre-TANF cash benefit levels, under which a family of three with no other income receives \$424 per month. In addition, as part of its earlier welfare reform initiative, the Family Development Program (FDP), the state had introduced (1) a family cap provision, which prevents clients from receiving additional cash benefits for children born while the clients are receiving cash assistance; and (2) expanded transitional Medicaid benefits, which allows clients who leave welfare for work to retain Medicaid eligibility for as long as two years. WFNJ maintains these key features of FDP.

Under WFNJ, the state introduced substantial changes to its welfare program. Important policies implemented under WFNJ include:

- ***Work Requirements for TANF Recipients.*** WFNJ emphasizes work and imposes an immediate work requirement, rather than the two-year maximum time limit that the federal law permits. All WFNJ applicants must register for work with the county Employment Service and must participate in a four-week job search class. Those who do not find jobs must participate in training, basic education, or work experience activities. Recipients who refuse to cooperate with these requirements are subject to grant reductions and, after extended noncompliance, case closure.
- ***Time Limits on TANF Benefits.*** In accordance with federal requirements, New Jersey has imposed a five-year time limit on TANF benefits. However, certain WFNJ cases (such as the elderly, people with disabilities, and victims of domestic violence) are exempt. Other hardship cases may receive extended cash benefits for as long as 12 months after the five-year limit.
- ***Expanded Child Care Benefits.*** Under WFNJ, clients who exit TANF for employment can receive transitional child care subsidies for as long as two years after they leave cash assistance.¹

In addition, the state has launched several new initiatives for current and former TANF recipients in particular, as well as for low-income families in general. These include:

- ***FamilyCare.*** In October 2000, the state launched FamilyCare, a state-sponsored health insurance program for low-income working adults and their children.²
- ***Comprehensive Case Assessments.*** In November 2000, county staff began administering a comprehensive social assessment to all clients who have been on TANF for 34 months or longer. Through the assessment, workers are expected to determine appropriate referrals and services for clients (for example, referrals to the state Department of Labor's Division of Vocational Rehabilitation Services or to the state's Substance Abuse Initiative or Mental Health Initiative).³
- ***State Earned Income Tax Credit (EITC).*** In 2000, New Jersey introduced a refundable state EITC for low-income families with children to supplement

¹After they have exhausted their 24 months of transitional child care benefits, eligible WFNJ clients can apply to receive child care subsidies through another state program, New Jersey Cares for Kids. That program is open to all New Jersey families with (1) income below 200 percent of the federal poverty level, (2) a child younger than 13 years of age, and (3) a parent or caretaker employed full time.

²Because of funding constraints, FamilyCare stopped enrolling new adult participants in June 2002. The program continues to enroll eligible children.

³Later this year, the state plans to begin administering these assessments to all clients who have been on TANF for 12 months or more.

the federal EITC. When fully phased in during 2003, the state EITC will be set at 20 percent of the family's federal EITC amount. At that time, the maximum state EITC will be about \$500 for a family with one child and about \$800 for a family with two or more children.

- ***Supplemental Work Support Program.*** Launched in spring 2001, this program encourages working welfare recipients to close their cases in exchange for a monthly work support payment of \$200, regardless of the amount of their cash benefit. Clients who agree to do so are eligible for other post-TANF benefits.
- ***Career Advancement Vouchers.*** Initiated in January 2001, these vouchers provide employed former clients with as much as \$4,000 toward program tuition to pursue additional training while they are working.
- ***Housing Subsidy Program.*** This program began in January 2001 and helps employed current and former clients in several counties with housing costs. Current clients must close their cases to enroll in the program.
- ***Individual Development Account (IDA) Program.*** In September 2002, the state launched the IDA program to help low-income families save to buy a home, to start a small business, or to pay for higher education. Under New Jersey's program, for up to three years participants' contributions to these accounts of up to \$1,500 a year are matched by the state dollar for dollar.
- ***Outreach and Marketing Efforts.*** The state also recently developed a faith- and community-based collaborative to market available support programs and benefits, such as food stamps, to former TANF recipients.

C. THE SAMPLE AND DATA FOR THIS REPORT

This report examines the experiences of WFNJ clients who entered the program during the first year and a half of its implementation—July 1997 to December 1998. The sample selected for this study includes two main groups: (1) the July 1997 caseload sample, and (2) the new entrants sample. The July 1997 caseload sample represents those who entered WFNJ from the ongoing AFDC caseload when WFNJ was fully implemented in July 1997. Thus, it consists of people who were receiving AFDC as case heads in June 1997 and who continued to receive TANF as case heads in July 1997. The new entrants sample represents those who were not part of the AFDC caseload when WFNJ was implemented but who subsequently entered the program during its first year and a half.⁴ Child-only TANF cases, which are not subject to the WFNJ work

⁴In general, the July 1997 caseload sample is somewhat more disadvantaged than is the new entrant sample. For example, clients in the caseload sample had less education and more limited work histories when they entered WFNJ than did new entrants (Rangarajan and Wood 2000). Because of these differences, in previous WFNJ Client Study reports, we conducted some analyses separately for the caseload and new entrant samples (Rangarajan and Wood 1999; and Rangarajan and Wood 2000). From these analyses, we found that clients in the caseload sample generally fared worse economically than did those in the new entrant sample. In particular, they left welfare more slowly than did new entrants, and they took longer to find employment. However, we also found that these differences in economic performance narrowed over time, and that, over the longer term, the experiences of the two groups were broadly similar. Therefore, for simplicity and clarity, all the analyses presented in this report combine the two groups. Figures A.1 and A.2 in the appendix illustrate the differences in the patterns of employment and TANF receipt for the two groups over the follow-up period.

requirement and time limits, were excluded from the sample. To ensure adequate sample sizes for key subgroup analyses, WFNJ clients from the new entrants group and those from rural counties were oversampled. All figures in this report are weighted so the figures represent the full statewide population of WFNJ clients who entered the program between July 1997 and December 1998.⁵

The primary data source for this report is the fourth WFNJ client survey. MPR began conducting the fourth follow-up survey with clients in February 2002 and, by mid-June 2002, had completed interviews with 1,607 clients (out of a survey sample of 2,000 clients), yielding an 80 percent response rate (Table I.1).⁶ The average length of followup from WFNJ entry to the survey date was 53 months. The fourth round of the client survey included questions about clients' employment histories since the third survey, income from various sources at the time of the survey, other measures of hardship (such as poor health and food and housing insecurity), potential employment barriers, and clients' knowledge of time limits and their plans to prepare for them.⁷

The early group of WFNJ clients tracked by the study are fairly diverse. Some face significant barriers to self-sufficiency, whereas others are less disadvantaged and face fewer obstacles. For example, 61 percent of these clients had at least a high school diploma or General Equivalency Diploma (GED) (Table I.2). Although many had worked recently prior to program entry, about 46 percent had no work experience during the two-year period prior to entry.

TABLE I.1		
SURVEY SAMPLE SIZES AND RESPONSE RATES FOR THE WFNJ CLIENT STUDY		
	Number	Percentage
Survey Sample	2,000	100
Completed		
Fourth survey	1,607	80
Third survey	1,609	80
Second survey	1,607	80
First survey	1,621	81
All four surveys	1,226	61
Any of the four surveys	1,885	94
Source: First, second, third, and fourth WFNJ client surveys, conducted by Mathematica Policy Research, Inc.		

⁵The July 1997 caseload sample represents 65 percent of clients who participated in WFNJ during its first 18 months, and the new entrants sample represents 35 percent. We selected 50 percent from each group for this study.

⁶Although we started with a sample of 2,000 WFNJ clients, 25 of these clients had died by the time of the fourth interview. Excluding the deceased from the sample brings the response rate to 81 percent.

⁷For some analyses, we also use administrative data on TANF and food stamp benefits, obtained from the Family Assistance Management Information System (FAMIS) maintained by the Division of Family Development of NJDHS.

TABLE I.2

CHARACTERISTICS OF WFNJ CLIENTS AT THE TIME OF WFNJ ENTRY
(Percentages, Unless Otherwise Indicated)

Female	97
Average Age (in Years)	30.1
Educational Attainment	
Less than high school diploma or GED	39
High school diploma or GED	45
More than high school diploma or GED	16
Employed in Two-Year Period Prior to WFNJ Entry	54
Race/Ethnicity	
African American	49
Hispanic	27
White	19
Other	5
Does Not Speak English at Home	17
Is Not a U.S. Citizen	7
Average Number of Children Younger than Age 18 in Household	1.9
Age of Youngest Child	
Younger than 3 years	42
3 to 5 years	26
6 years or older	32
Marital Status	
Never married	66
Married, spouse present	5
Formerly married	29
Household Member Receiving SSI	9
Lived in Two-Parent Household as a Child	51
Family Received Welfare When Growing Up	37
County of Residence ^a	
High density	51
Medium density	29
Low density	20
Poverty Level of Neighborhood ^b	
Low	26
Medium	36
High	38
Sample Size	1,607

Source: WFNJ administrative records data and WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

GED = General Equivalency Diploma; SSI = Supplemental Security Income.

^aHigh-population-density counties include Camden, Essex, and Hudson. Medium-population-density counties include Bergen, Mercer, Middlesex, Monmouth, Passaic, and Union. Low-population-density counties include Atlantic, Burlington, Cape May, Cumberland, Gloucester, Hunterdon, Morris, Ocean, Salem, Somerset, Sussex, and Warren.

^bPoverty level of neighborhood defined based on five-digit zip-code area using data from the 2000 U.S. census. A "low" poverty neighborhood is one in which fewer than 10 percent of residents live below the poverty threshold; a "medium" poverty neighborhood is one in which 10 to 20 percent of residents live below the poverty threshold; and a "high" poverty neighborhood is one in which 20 percent or more of the residents live below poverty.

In addition, 17 percent spoke a language other than English at home, and 7 percent were not U.S. citizens. Many had young children when they entered the program, with 42 percent having a child younger than age 3 at WFNJ entry. Many clients lived in the poorest and most urban parts of the state. Half lived in New Jersey's three most densely populated and urbanized counties—Camden, Essex, and Hudson. Nearly 4 in 10 lived in a high-poverty neighborhood, defined as a five-digit zip-code area in which more than 20 percent of the residents have incomes below the poverty threshold.

D. METHODOLOGICAL APPROACH

In this report, we rely on both descriptive and multivariate techniques to examine the outcomes of the early group of WFNJ clients tracked by the study. Much of the descriptive analysis tracks the economic and other outcomes of these clients over the four-and-a-half year follow-up period and uses data from all four survey rounds or from administrative data sources to examine trends in these measures over time. In other cases, we use data only from the fourth-round survey to describe the status of these clients at the end of the follow-up period.

We use multivariate analysis to examine how outcomes vary across different groups of clients, holding other client characteristics constant. For these analyses, we developed a standard list of client characteristics to be used as predictors or controls in our statistical models. The list was chosen to include characteristics that were likely to be associated with clients' level of economic success. The controls generally refer to clients' characteristics at the time they entered WFNJ. Characteristics used as controls in the models include clients' age, sex, ethnicity, education, and marital status; the number and ages of the clients' children; whether the clients speak English at home; their self-reported health status, their pre-WFNJ work and welfare history; whether they received welfare while they were growing up; whether they grew up in a two-parent household; whether they lived in a high-, medium-, or low-density county at WFNJ entry; and whether they lived in a high-, medium-, or low-poverty neighborhood at WFNJ entry. We added additional controls for some multivariate analyses and indicate in the text or tables that we have done so.

We conducted statistical tests as part of the multivariate analyses, as well as the descriptive analyses in some cases, to determine whether the differences in outcomes between various groups of clients were significantly different from each other. To conduct these tests, it was necessary to choose a reference category from among each set of client characteristics ("never married" for marital status, for example, and "African American" for ethnicity).⁸ The tests determine whether the average outcome levels for clients in the reference category are different from the average outcome levels for those in each of the other categories at standard levels of statistical significance. For client characteristics in which the categories could be ordered from lowest to highest (age, education, and number of months on welfare, for example), we chose the lowest category as the reference category. For characteristics that could not be ordered in this way (such as ethnicity or marital status), we chose the largest category.

⁸We converted all variables describing client characteristics into categorical variables by using ranges for continuous variables, such as age, education, and months of welfare receipt.

II

WELFARE, EMPLOYMENT, AND INCOME TRENDS AMONG WFNJ CLIENTS

WFNJ aims to help clients become self-sufficient by enabling them to move off public assistance and into the workforce. The program places work requirements on clients and limits how long they can receive cash welfare over their lifetime. A measure of how well the program is meeting its goal is the extent to which WFNJ clients leave public assistance and move into employment. Beyond simply reducing welfare receipt and promoting employment, however, policymakers hope to raise income levels among clients, and ultimately to enhance their self-sufficiency and improve their general life quality.

In this chapter, we examine the basic trends in welfare, employment, income, and poverty. First, we provide an overview of the patterns of welfare receipt and employment among WFNJ clients during the first four to five years after they entered the

KEY FINDINGS FROM THIS CHAPTER

- ***This early group of WFNJ clients continues to leave welfare for work; however, the pace of this trend has slowed over time.*** At the fourth survey (conducted, on average, four and a half years after WFNJ entry), 50 percent were employed and off TANF, up from 34 percent at the first survey, conducted three years earlier. However, most of the movement from welfare to work occurred earlier in the follow-up period. The percentage of clients employed and off TANF changed little during the one-year period from the third to the fourth surveys.
- ***Although levels remain low, average income among these clients has risen substantially during the four and a half years after they entered WFNJ.*** Four and a half years after entering the program, the average monthly income among these clients was \$1,543, up 33 percent over three years after adjusting for inflation. These income increases have been driven by increases in earnings. The pace of these income increases has slowed over time. Between the third and fourth surveys, average income increased by only three percent.
- ***Throughout much of the follow-up period, about 1 in 10 clients in the study were off TANF, not employed, and lacked a substantial source of financial support.*** These “least stable” leavers get by on very little income (averaging about \$500 a month) and rely heavily on the support of friends and relatives, as well as on government assistance (such as food stamps and housing assistance), to supplement their small incomes. These clients tend to be more disadvantaged, with less education and work experience and longer welfare histories than other clients. Clients in this group tend to move in and out of “least stable leaver” status fairly quickly; relatively few remain in this group for a year or more.

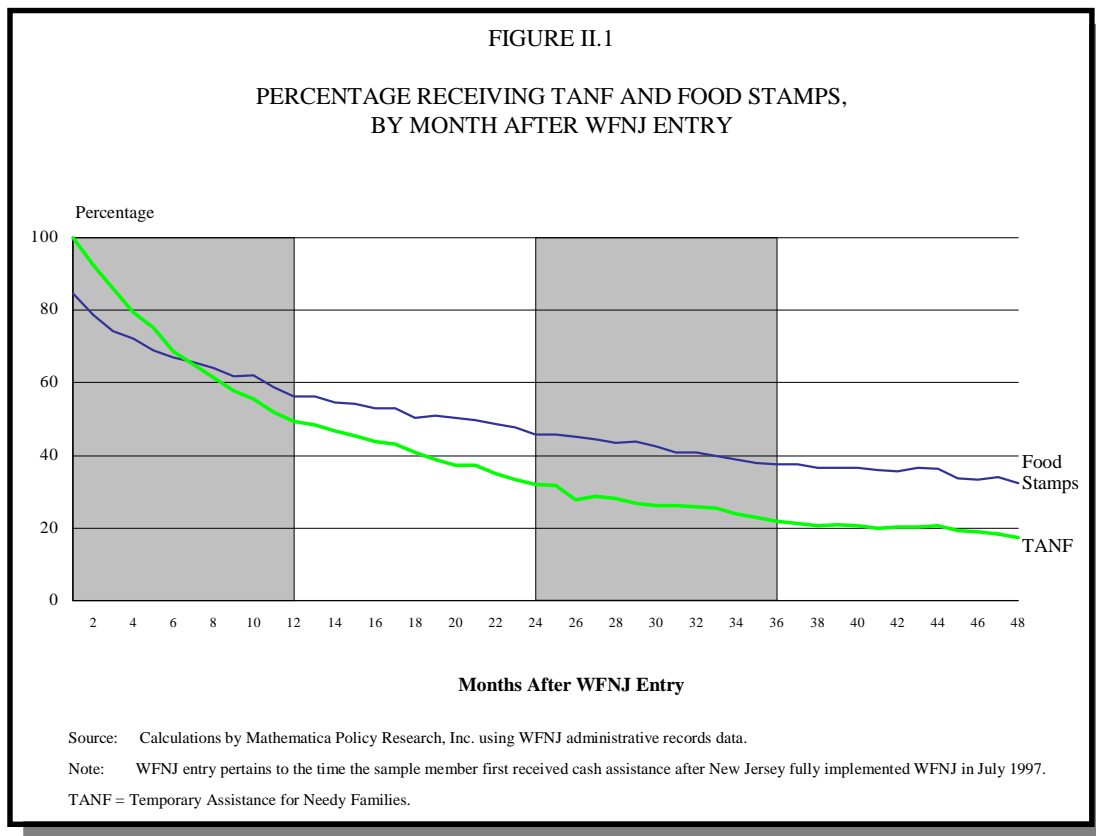
program.¹ Second, we analyze the income sources and levels of clients and how these have changed over time. Finally, we examine the group of WFNJ clients who are off TANF and not employed. We examine the alternative sources of financial support for this group and identify a group of “least stable” TANF leavers who lack these alternative supports. We then look at the characteristics of these clients and how long they typically remain in this status. In Chapter III, we examine trends in other measures of life quality among WFNJ clients, focusing on their health status, housing problems, and food insecurity.

A. WHAT ARE THE TRENDS IN WELFARE RECEIPT AND EMPLOYMENT?

The long-term goal of WFNJ is to promote self-sufficiency by reducing welfare dependency and encouraging work among clients. Here, we document the extent to which clients left welfare and went to work during the first four years after entering the program.

- *Four years after program entry, welfare receipt continues to decline among this early group of WFNJ clients.*

Clients who began receiving TANF during WFNJ’s first 18 months of operations continued to exit the welfare rolls over time. Declines in TANF receipt among these clients were steepest in the first year after they entered the program. During this period, the percentage receiving TANF dropped from 100 to 49 percent (Figure II.1). During

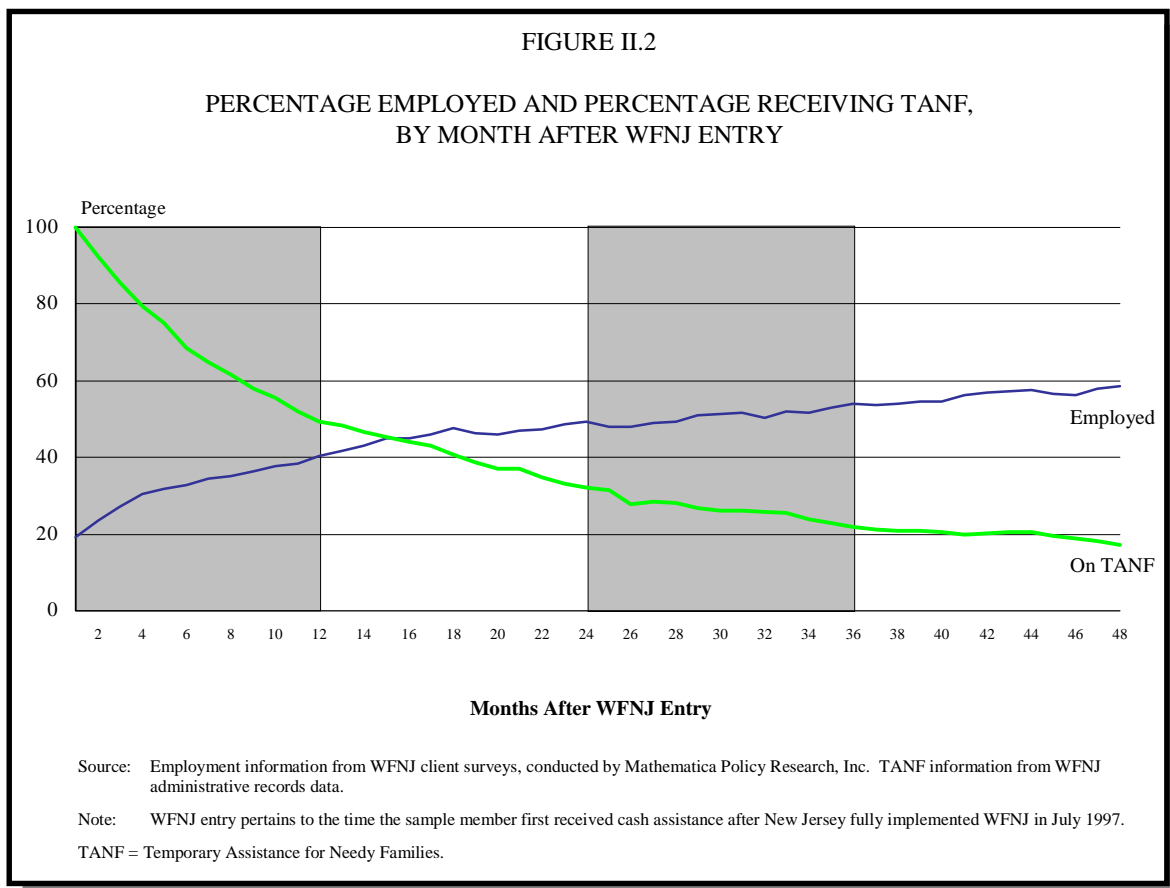


¹In Chapter IV, we present a more detailed analysis of clients’ employment patterns. In Chapter V, we examine patterns of TANF receipt in more detail.

subsequent years, the percentage receiving TANF continued to decline, although at a somewhat slower pace. Four years after entering WFNJ, only 17 percent of these clients were still receiving TANF. The percentage who received food stamps fell more slowly but also declined substantially—from 85 percent in the first month after WFNJ entry to 32 percent four years later (Figure II.1).

- ***Employment rates among this early group of WFNJ clients continue to increase four years after they entered the program, although at a slower pace than in earlier years.***

While rates of welfare receipt fell among this early group of WFNJ clients, their employment rates increased. Employment increases were particularly strong during the first year after they entered the program. The monthly employment rate increased from 19 percent in the first month after WFNJ entry to 40 percent one year later (Figure II.2). In the second year after WFNJ entry, employment rates also increased fairly substantially, up from 40 to 49 percent. After this point, employment rates continued to rise but at a much slower pace. The monthly employment rate increased to 54 percent by the end of the third year and then to 59 percent by the end of the fourth year after WFNJ entry. During the four years after entering the program, 85 percent of clients had work at some point (not shown).



- *Although most still work for relatively low wages, clients continue to move to better jobs that offer higher pay and more generous benefits.*

Although many from this early group of WFNJ clients continue to work in low-paying, entry-level jobs, these jobs are better than those they held shortly after entering the program. For example, at the time of the fourth survey, the average hourly wage for the current or most recent job among clients who had worked in the past year was \$9.10 (Table II.1). In contrast, at the time of the first survey (conducted three years earlier), the

TABLE II.1
CHARACTERISTICS OF CURRENT OR MOST RECENT JOB AMONG WFNJ CLIENTS
(Percentages)

	Jobs Held Between WFNJ Entry and First Survey	Jobs Held Between First and Second Surveys	Jobs Held Between Second and Third Surveys	Jobs Held Between Third and Fourth Surveys
Hourly Wages (in 2002 Dollars)				
\$6.00 or less	24	15	13	11
\$6.01 to 7.00	17	18	16	21
\$7.01 to 8.00	16	18	16	16
\$8.01 to 9.00	16	17	17	12
\$9.01 to 10.00	9	9	10	11
More than \$10.00	17	23	27	28
(Average)	(\$7.88)	(\$8.53)	(\$8.81)	(\$9.10)
Hours Worked per Week				
Fewer than 20	11	8	7	7
20 to 34	30	27	24	25
35 to 39	10	10	9	11
40 or more	50	55	60	57
(Average)	(34)	(35)	(36)	(36)
Monthly Earnings (in 2002 Dollars)				
Less than \$600	18	13	11	11
\$601 to \$1,000	24	22	19	21
\$1,001 to \$1,400	27	28	26	22
\$1,401 to \$1,800	18	18	23	19
More than \$1,800	14	19	21	26
(Average)	(\$1,170)	(\$1,328)	(\$1,414)	(\$1,437)
Benefits Offered				
Health insurance	40	49	53	56
Paid vacation	44	53	56	60
Paid sick leave	36	44	45	51
Seasonal/Temporary Job				
	35	30	26	23
Shift Worked				
Regular/daytime	67	76	76	77
Evenings/nights	24	14	16	14
Weekends/variable shift	9	10	7	9
Occupation				
Manager/professional/technical	6	6	6	6
Sales	15	15	17	14
Administrative support	23	24	25	27
Private household services	12	3	2	1
Other services	29	33	35	32
Transportation	8	11	9	8
Construction/production/other	7	8	7	12
Sample Size	1,040	1,119	1,188	1,187

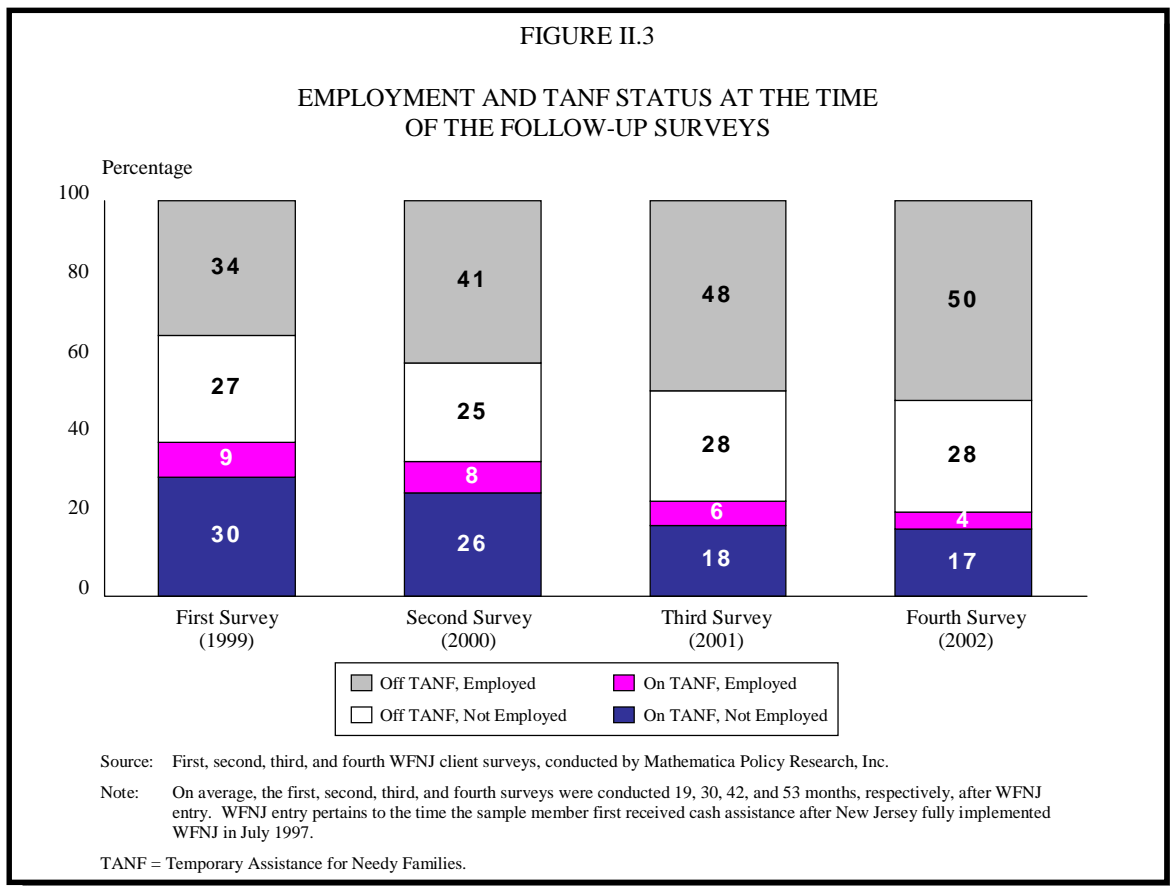
Source: First, second, third, and fourth WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: The first, second, third, and fourth surveys were conducted, on average, 19, 30, 42, and 53 months, respectively, after WFNJ entry. WFNJ entry pertains to the time the sample member first received cash assistance after New Jersey fully implemented WFNJ in July 1997.

average hourly wage (in 2002 dollars) was \$7.88. This represents an inflation-adjusted increase of 15 percent in three years. Similarly, at the time of the fourth survey, 56 percent of recently employed clients had current or most recent jobs that offered health insurance coverage, compared with only 40 percent at the time of the first survey (Table II.1). The percentage of clients holding jobs that offered paid vacation and paid sick leave also increased over the period. Over time, clients were also more likely to work regular daytime shifts and to hold jobs that were not seasonal or temporary. All these patterns are consistent with a trend toward better jobs for these clients. For all these measures of job quality, improvements were larger earlier in the follow-up period than later in the period.

- ***This early group of WFNJ clients continues to leave welfare for work; however, the pace of this trend has slowed.***

The decline in welfare receipt and increase in employment among this early group of WFNJ clients led to a growing portion who had left TANF and were employed. By the time of the fourth survey (conducted, on average, four and a half years after WFNJ entry), 50 percent had left TANF and were employed, up from 34 percent at the time of the first survey three years earlier (Figure II.3). Conversely, the proportion of clients who were on TANF and not employed declined over the period. By the fourth survey, 17 percent of clients remained on TANF and were not employed, down from 30 percent at the first survey. In addition, throughout the period these surveys covered, about one in four clients was off TANF and not employed at any time. We look at this group more closely in Section C of this chapter.



Although the trend from welfare to work has continued throughout the follow-up period, the pace has slowed considerably. In particular, the percentages of this early group of WFNJ clients in each of these employment and TANF status categories changed little from the third to the fourth surveys. At the third survey, 48 percent of clients were employed and off TANF, while 18 percent remained on TANF and were not working, compared to 50 and 17 percent, respectively, at the fourth survey.

B. WHAT ARE THE TRENDS IN INCOME AND POVERTY?

A primary goal of welfare reform in New Jersey is to increase the economic self-sufficiency of clients by enabling them to find jobs and exit welfare. The reform aims to reduce welfare receipt, increase earnings, and improve clients' overall standards of living. In this section, we examine clients' levels of income and rates of poverty during the four-and-a-half-year period after they entered the program.

The income figures we report in this section are calculated by adding together income received from earnings, public assistance, and other sources during the month before the survey. The figures represent family income and include the income of clients, their minor children, and, if applicable, their spouses or partners. These figures include all major income sources, such as clients' pretax earnings, earnings of spouses or partners, TANF and food stamp benefits, child care subsidies, other public assistance, child support, unemployment insurance, and money from friends and relatives. For some analyses, we also include income received through the federal EITC.²

The poverty levels we report are based on federal poverty guidelines for 2002. Based on these guidelines, a family of three is considered to be living in poverty if its annual income is less than \$15,020. When comparisons are made to income levels at the time of the first, second, or third surveys, the earlier income figures are adjusted to account for inflation.

- *Although levels remain relatively low, average income among WFNJ clients has risen substantially during the four and a half years after program entry. However, the pace of this increase has slowed over time.*

Four and a half years after entering WFNJ, clients' average monthly income was \$1,543 (Table II.2 and Figure II.4). This is equivalent to an annual income of about \$18,500, or about 20 percent more than the poverty threshold for a family of three (not shown). As a group, the WFNJ clients in our study have experienced substantial income growth over the follow-up period. Adjusting for inflation, their average monthly income increased by 33 percent during the three-year period from the first to the fourth surveys. However, the pace of this increase has slowed substantially. After adjusting for inflation, average income among clients increased by 18 percent between the first and second surveys, 10 percent between the second and third surveys, and only 3 percent between the third and fourth surveys.

²The EITC figures reported in this report do not include the state EITC, which New Jersey introduced in 2000. In the fifth-round WFNJ client report, we will include the state tax credit in our estimates of the size of the EITC received by WFNJ clients.

TABLE II.2

AVERAGE MONTHLY INCOME AND SOURCES OF INCOME
AT THE TIME OF THE FOLLOW-UP SURVEYS
(in 2002 Dollars)

	Average Amount from Source			
	At First Survey (1999)	At Second Survey (2000)	At Third Survey (2001)	At Fourth Survey (2002)
<i>Own Earnings</i>	511	670	796	820
<i>Total Public Assistance</i>	403	417	356	326
TANF	140	114	83	69
Food stamps	149	132	112	107
SSI	74	90	97	88
Child care subsidy	30	62	42	39
Other public assistance	10	19	23	23
<i>Other Unearned Income</i>	244	283	350	398
Child support	37	43	56	59
Spouse's/partner's earnings	161	175	206	234
UI	15	23	30	39
Friends/relatives	18	20	27	35
Other sources	13	22	30	31
<i>Total Income</i>	1,157	1,370	1,501	1,543
<i>Estimated EITC</i>	NA	78	77	81
<i>Total Income Including EITC</i>	NA	1,448	1,578	1,624
Sample Size	1,621	1,607	1,609	1,606^a

Source: First, second, third, and fourth WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

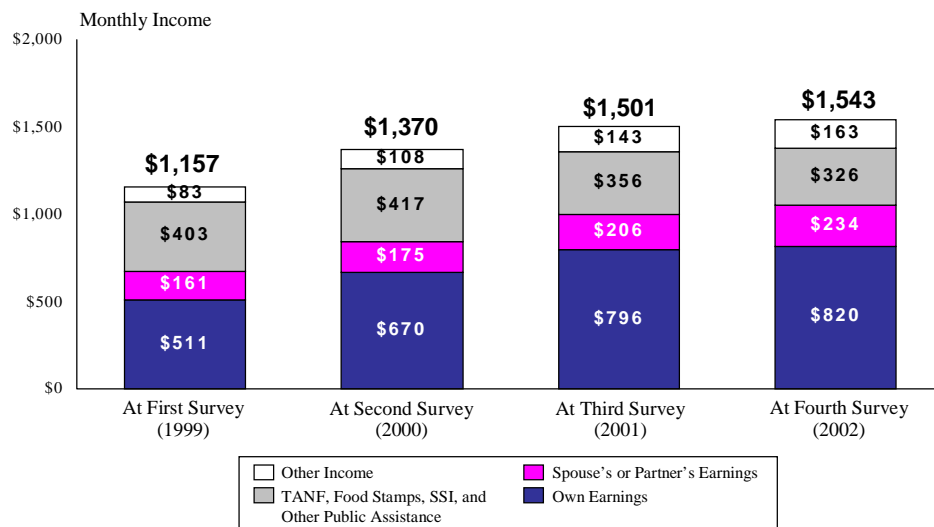
Note: On average, the first, second, third, and fourth surveys were conducted 19, 30, 42, and 53 months after WFNJ entry, respectively. Income is measured for the month prior to the survey and is reported in year 2002 dollars.

^aOne fourth-round survey respondent was missing income data.

EITC = Earned Income Tax Credit (federal); NA = not available; SSI = Supplemental Security Income; TANF = Temporary Assistance for Needy Families; UI = Unemployment Insurance.

FIGURE II.4

TOTAL MONTHLY INCOME AT THE TIME OF THE FOLLOW-UP SURVEYS



Source: First, second, third, and fourth WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

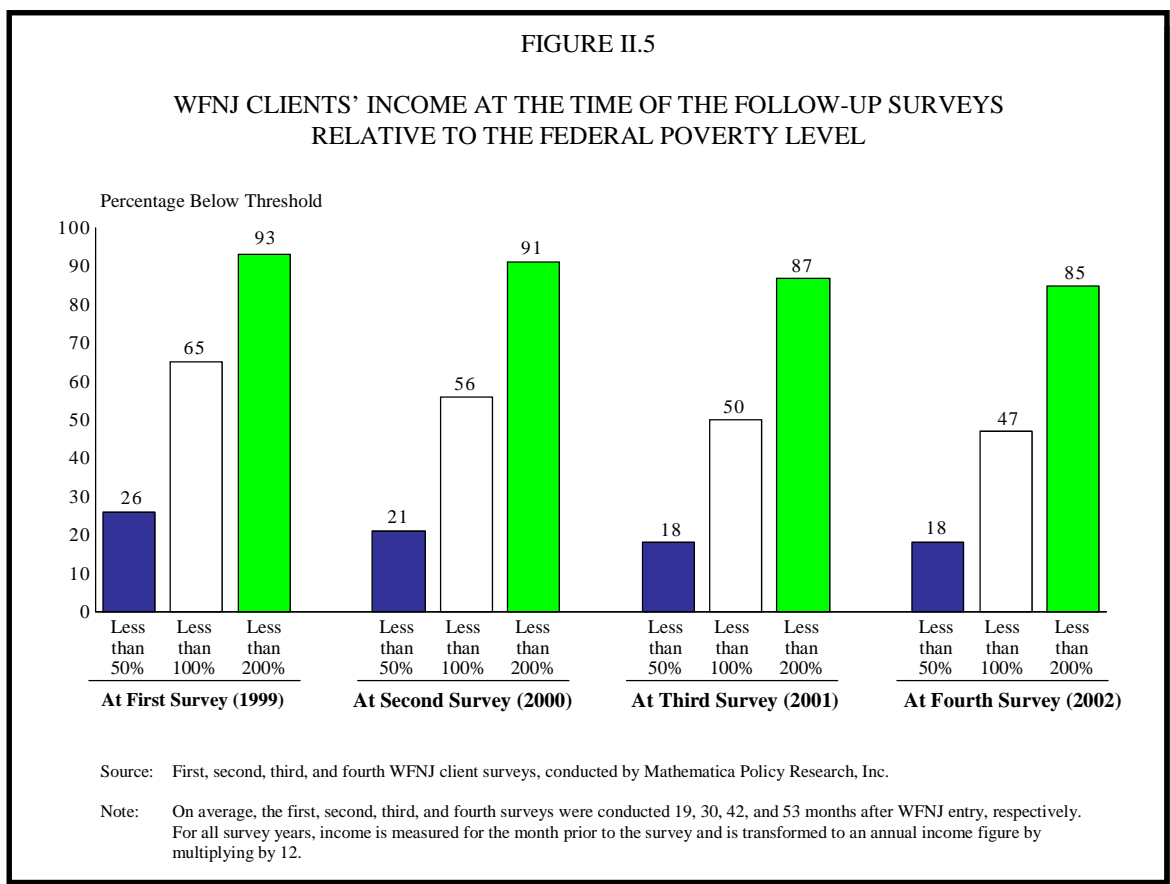
Note: On average, the first, second, third, and fourth surveys were conducted 19, 30, 42, and 53 months after WFNJ entry, respectively. Income is measured for the month prior to the survey and is reported in year 2002 dollars.

SSI = Supplemental Security Income; TANF = Temporary Assistance for Needy Families.

Changes in poverty rates have followed a similar pattern. The poverty levels of these clients have declined substantially since they entered WFNJ. At the time of the first survey, 65 percent had incomes below the poverty threshold (Figure II.5). By the time of the fourth survey (conducted about three years later), this figure had dropped to 47 percent. Although down substantially from the time of the first survey, the pace of decline in poverty levels has slowed over the follow-up period. The poverty rate among these clients dropped nine percentage points from the first to the second survey (from 65 to 56 percent), six percentage points from the second to the third survey (down to 50 percent), and then only three percentage points from the third to the fourth surveys (down to 47 percent).

- *Economic progress for these clients has slowed, in part, because of the slowing national economy and, in part, because the easier economic gains were made early in the follow-up period.*

Why has the pace of economic progress slowed for these clients? The slowing national economy has most likely played an important role. Our income data cover the period 1999 to 2002. These years include the end of the strong economic expansion of the 1990s, as well as the more recent economic slowdown that began in 2001.³ Nationally, median annual household income trended steadily upward during the mid- to



³ According to the National Bureau of Economic Research, a recession began in March 2001.

late 1990s, reaching an inflation-adjusted all-time high of more than \$43,000 in 2000 (U.S. Census Bureau 2002a). Similarly, the national poverty rate fell to historic lows during this period, declining to 11 percent by 2000 (U.S. Census Bureau 2002b). More recently, these trends have reversed, with median household income falling and poverty rates rising for the first time since the early 1990s (U.S. Census Bureau 2002a and 2002b). Therefore, the slowing rate of increase in average income observed among the WFNJ clients we are tracking in our study, and the slowing rate of decrease in their poverty rates, are most likely due, in part, to these broader national trends and the economic downturn that began in 2001.

However, the pace of economic improvement began to slow down for these clients before the current economic downturn began. Therefore, some of the slowing pace of progress would have been observed even if the current recession had not occurred. Early in the follow-up period, the economic progress for this group was driven by the movement of those clients who were most job ready off welfare and into employment. These gains were large and came quickly. Later in the period, when economic progress for the group came mainly from the movement of those with weaker employment skills off welfare and into work, as well as wage growth for those who were already employed, gains continued but at a slower pace.

- ***Income increases among WFNJ clients over the follow-up period have been driven by increases in earnings.***

Two factors explain most of the increase in average monthly income among the WFNJ clients in our study during the three-year period between the first and fourth surveys. First, a larger proportion of these clients (57 percent) were working at the time of the fourth survey, up from 46 percent at the time of the first survey (Table II.3). Second, among those who were working, average earnings increased substantially. After adjusting for inflation, average monthly earnings among those with earnings increased from \$1,119 at the time of the first survey to \$1,445 at the time of the fourth survey, an increase of almost 30 percent (Table II.3).⁴ Together, these two factors explain 80 percent of the income increase over this three-year period.

Nearly all the rest of the increase in average income over the three-year period came from an increase in spouses' and partners' earnings. Both the proportion of clients with this income source and the average amount of spouses' or partners' earnings among those with this income source increased over the period (Table II.3). Other changes in income offset each other and led to no net change in average total income among the clients in our study. Specifically, declines over the period in the average amount of TANF and food stamps received were offset by increases in income from unemployment insurance, child support, SSI, and money received from friends and relatives.

⁴This increase in earnings among clients who were working came from an increase in hours worked over the period among those working and an increase in hourly wages among this group. However, increases in hourly wages played a somewhat larger role. Average hours worked among those working rose from 33.5 hours a week at the first survey to 35.7 hours a week at the fourth survey, a seven percent increase. Over this same period, the average hourly wage among those working increased from \$7.79 to \$9.16, an 18 percent increase after adjusting for inflation.

TABLE II.3

PERCENTAGE RECEIVING INCOME, BY SOURCE AND MONTHLY AMOUNTS,
AMONG THOSE RECEIVING INCOME FROM SOURCE

	At First Survey (1999)	At Second Survey (2000)	At Third Survey (2001)	At Fourth Survey (2002)
Percentage Receiving Income from:				
<i>Own Earnings</i>	46	51	56	57
<i>Total Public Assistance</i>	66	64	57	54
TANF	40	34	25	21
Food stamps	55	51	44	41
SSI	13	14	16	14
Child care subsidy	9	13	9	9
Other public assistance	4	7	7	7
<i>Other Unearned Income</i>	44	48	52	53
Child support	21	22	22	21
Spouse's/partner's earnings	12	12	15	15
UI	3	4	5	6
Friends/relatives	8	11	14	15
Other sources	11	9	10	11
<i>EITC</i>	NA	41	40	46
Average Amount Received Among Those Receiving Income from:^a				
<i>Own Earnings</i>	1,119	1,302	1,429	1,433
<i>Total Public Assistance</i>	610	657	620	600
TANF	353	340	337	323
Food stamps	272	257	256	260
SSI	583	623	607	616
Child care subsidy	352	481	455	457
Other	280	284	332	321
<i>Other Unearned Income</i>	558	590	676	749
Child support	182	193	253	284
Spouse's/partner's earnings	1,297	1,514	1,405	1,597
UI	575	564	608	614
Friends/relatives	234	177	197	225
Other sources	125	239	315	275
<i>EITC</i>	NA	193	195	181
Sample Size	1,621	1,607	1,609	1,606^b

Source: First, second, third, and fourth WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: On average, the first, second, third, and fourth surveys were conducted 19, 30, 42, and 53 months after WFNJ entry, respectively. Income is measured for the months prior to the survey and is reported in year 2002 dollars.

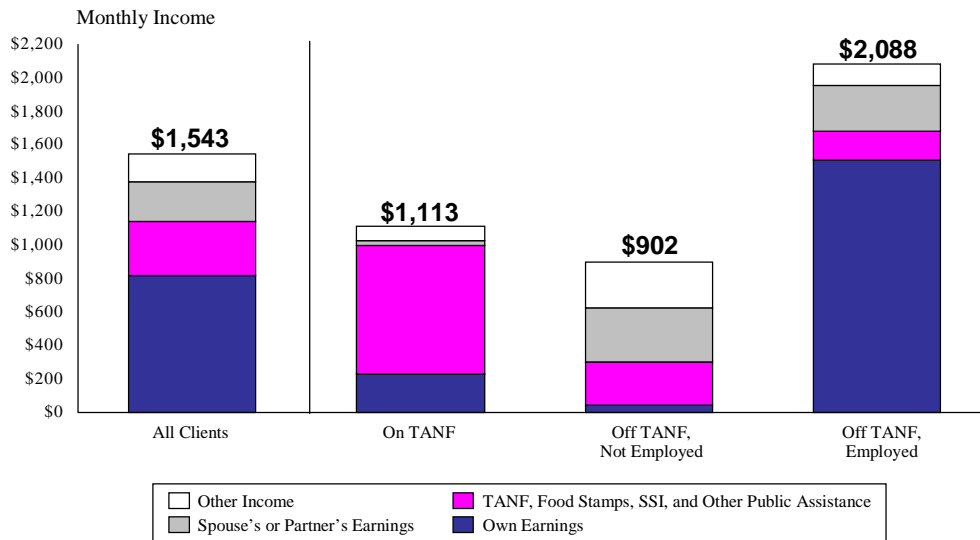
EITC = Earned Income Tax Credit (federal); NA = not available; SSI = Supplemental Security Income; TANF = Temporary Assistance for Needy Families; UI = Unemployment Insurance.

^aIn 2002 dollars.

^bOne fourth-round survey respondent was missing income data.

FIGURE II.6

TOTAL MONTHLY INCOME AT THE TIME OF THE FOURTH SURVEY,
BY TANF AND EMPLOYMENT STATUS



Source: Fourth WFNJ client survey, conducted by Mathematica Policy Research, Inc.

Note: The fourth survey was conducted, on average, 53 months after WFNJ entry. Income figures refer to the month prior to the survey. TANF and employment status refer to the time of the survey.

SSI = Supplemental Security Income; TANF = Temporary Assistance for Needy Families.

Because of these trends, an increasing share of the total income of the clients in our study comes from earnings; conversely, a declining share comes from public assistance (Figure II.4). At the time of the fourth survey, more than half of clients' income came from their own earnings. When the earnings of spouses and partners are included, 68 percent of clients' income came from earnings, while only 21 percent of their income came from public assistance, including TANF, food stamps, and SSI. In contrast, at the time of the first survey, 58 percent of their income came from earnings, and 35 percent came from public assistance.

- ***Clients who have left welfare for work have higher incomes and are less likely to be in poverty than are those who remain on TANF.***

As discussed in previous WFNJ reports, income and poverty levels vary substantially by clients' employment and TANF status. Four and a half years after entering WFNJ, clients who were working and off TANF had monthly incomes that were, on average, more than twice the incomes of other clients. Monthly incomes of those who were employed and off TANF averaged \$2,088 at the fourth survey, compared with \$902 for clients who were off TANF and were not working and \$1,113 for those who remained on TANF (Figure II.6). Similarly, clients who were working and off TANF were substantially less likely than other clients to be living in poverty. At the time of the fourth survey, only 20 percent of those off TANF and employed had incomes below the poverty level (not shown). In contrast, 74 percent of those off TANF and not employed and 73 percent of those remaining on TANF had incomes below poverty.

- *Almost half of this early group of WFNJ clients receives the federal EITC. This refundable credit provides a substantial income boost to those who participate.*

The income figures discussed thus far do not include the federal EITC, an important income supplement for many low-income families with children. At the time of the fourth survey, 46 percent of the clients tracked by the study had received the EITC for the previous tax year (Table II.3).⁵ Most clients in the study who did not receive the refundable credit had little or no earnings for the previous tax year and did not file income tax returns. Among clients who received the refundable credit, the EITC provided a substantial boost to their incomes. At the fourth survey, the average credit received among those participating was \$2,169 for the year.⁶ Moreover, this additional income reduces the percentage of these clients living below the poverty threshold. If the EITC is included in total income, the poverty rate at the time of the fourth survey drops from 47 to 43 percent (not shown).

C. HOW ARE THOSE OFF TANF AND NOT EMPLOYED FARING?

Over the four-and-a-half-year period we have been tracking this early group of WFNJ clients, their welfare receipt has declined substantially, while their employment levels have risen. However, the decline in the proportion of clients who were receiving TANF has been substantially larger than the increases in the proportion employed (Figure II.2). The result has been the emergence of a substantial portion of these clients who have left TANF and are not employed. Throughout much of the follow-up period, about one in four clients in the study was not working or receiving TANF in a given month (Figure II.3). Policymakers are concerned about this group, because it is initially unclear how they are supporting themselves. Here, we examine this group of WFNJ clients in more detail.

- *WFNJ clients who are off TANF and not employed are diverse—some have substantial alternative sources of financial support, and others lack these supports.*

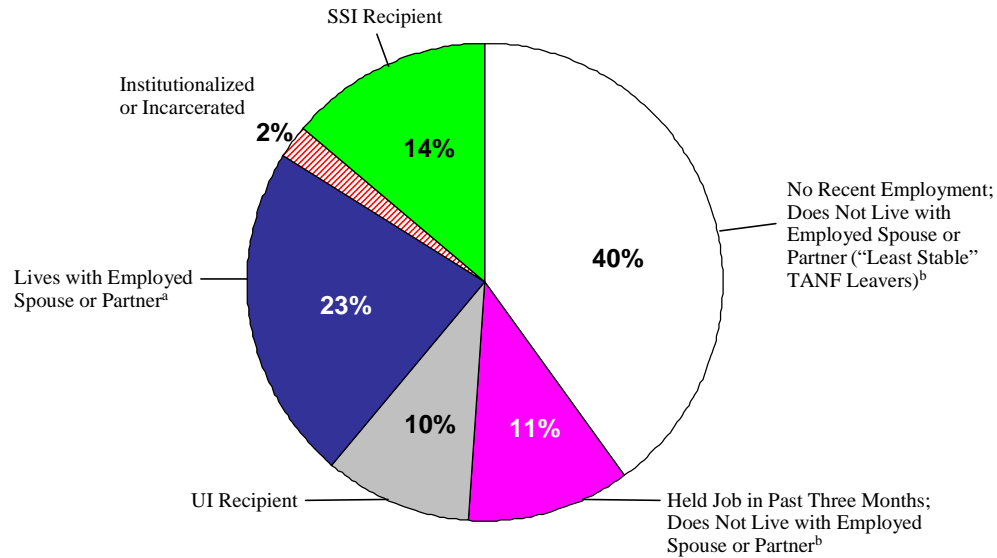
As discussed in earlier WFNJ reports, those who have left TANF and are not employed are a diverse group, and some have stable alternative sources of financial support. For example, at the fourth survey, 23 percent were living with an employed spouse or partner (Figure II.7). This group fares relatively well financially. Their average monthly income was \$1,687, compared to \$902 for all those off TANF and not employed (Figure II.8). Similarly, only 48 percent of clients living with an employed

⁵Because many low-income workers do not prepare their own taxes, some EITC recipients are unaware that they have received this refundable credit. Therefore, the 46 percent figure we report as the proportion who received the EITC in the past year includes both the 34 percent who reported directly on the survey that they received the EITC, as well as an additional 12 percent who appear to be “likely EITC recipients.” We defined “likely EITC recipients” as those who (1) were eligible for an EITC credit of more than \$500 based on their income and family size, (2) had someone else prepare their taxes, and (3) received a refund for the 2001 tax year. (Most people receive the EITC as a tax refund.)

⁶To make the numbers consistent with other income figures, the EITC amounts reported in Tables II.2 and II.3 are monthly equivalents of the annual EITC amount received, generated by dividing the annual amounts by 12.

FIGURE II.7

SOURCES OF SUPPORT FOR WFNJ CLIENTS WHO ARE OFF TANF AND NOT EMPLOYED



Source: Fourth WFNJ client survey, conducted by Mathematica Policy Research, Inc.

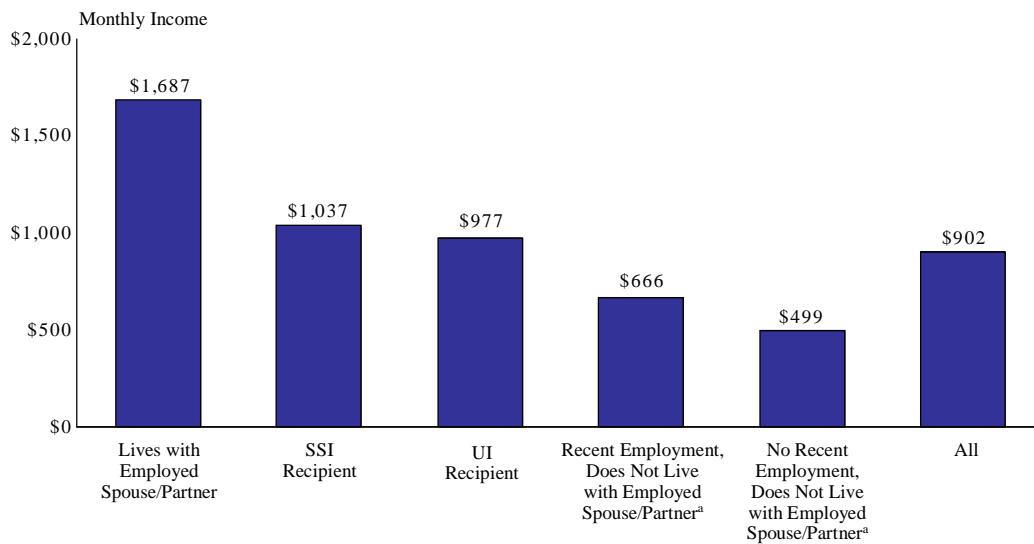
^aExcludes SSI recipients.

^bExcludes SSI recipients, UI recipients, and those who are incarcerated or institutionalized.

SSI = Supplemental Security Income; TANF = Temporary Assistance for Needy Families; UI = Unemployment Insurance.

FIGURE II.8

TOTAL MONTHLY INCOME OF CLIENTS OFF TANF AND NOT EMPLOYED, BY LIVING SITUATION AND EMPLOYMENT STATUS



Source: Fourth WFNJ client survey, conducted by Mathematica Policy Research, Inc.

Note: "Recent employment" is defined as being employed within the past three months.

^aExcludes those receiving SSI or UI.

SSI = Supplemental Security Income; TANF = Temporary Assistance for Needy Families; UI = Unemployment Insurance.

spouse or partner had incomes below the poverty threshold at the fourth survey, compared to 74 percent for all clients who were off TANF and not employed (not shown).

Another 14 percent of those off TANF and not employed had transitioned onto the SSI program, while 10 percent were receiving UI benefits. Although their incomes were not as high as those living with employed spouses or partners, they were similar to those of clients who had remained on TANF, averaging about \$1,000 per month. For another 11 percent of those off TANF and not employed, although they were not currently employed, they had worked in the past three months. These clients may be in a transition period, and our prior research has shown that many return to work or welfare fairly quickly (Rangarajan and Wood 2000).

- ***Throughout much of the follow-up period, about 1 in 10 WFNJ clients in the study were “least stable” TANF leavers—off welfare, not employed, and lacking a substantial alternative source of financial support.***

The remaining 40 percent of the “off TANF and not employed” group did not have any of these alternative sources of financial support. These “least stable” TANF leavers had not worked recently, were not living with an employed spouse or partner, and were not receiving SSI or UI benefits for themselves. This group represented 11 percent of this early group of WFNJ clients we have been tracking in this study, a percentage that has remained fairly constant throughout much of the follow-up period.⁷

These least stable leavers fare poorly financially. Their average monthly income was \$499, and 90 percent had incomes below the poverty threshold. More than 7 in 10 lived in extreme poverty, with incomes below 50 percent of the poverty threshold (not shown). The small incomes these clients had came mainly from food stamps, the SSI benefits of other family members, child support, money from friends and relatives, and income from odd jobs. As we have seen in earlier reports, clients in this group relied heavily on support from friends and relatives, as well as government assistance (such as food stamps and housing assistance), to supplement their small incomes and make ends meet. For example, among clients in the “least stable” group at the fourth survey, 33 percent lived in public housing or received a government housing subsidy, while another 24 percent lived rent free with friends or relatives (not shown).

- ***“Least stable” TANF leavers are more disadvantaged than other WFNJ clients, with less education and work experience and longer welfare histories.***

WFNJ clients who have left TANF, are not employed, and lack stable alternative sources of financial support are a particularly disadvantaged group. For example, 49 percent have less than a high school education, compared to only 39 percent of all WFNJ clients (Table II.4). Similarly, 57 percent of this “least stable” group did not work at all in the two years prior to entering WFNJ, compared to 46 percent among all clients. In

⁷The size of this “least stable” leaver group was largest at the first survey, when 14 percent of the study sample was off TANF, not employed, and lacked any of these alternative sources of support. Since the second survey, the proportion of the study sample in this group has remained constant at 11 percent.

TABLE II.4

CHARACTERISTICS OF WFNJ CLIENTS AT PROGRAM ENTRY,
BY TANF AND EMPLOYMENT STATUS AT FOURTH SURVEY
(Percentages, Unless Otherwise Indicated)

	All WFNJ Clients	Those on TANF	Those Off TANF			Long-Term “Least Stable” Group” ^{na}
			Employed	“Least Stable” Group	Others Who Are Not Employed	
Average Age (in Years)	30.1	30.4	29.1	31.9	31.7	34.3
Ethnicity						
African American	49	59	47	52	42	43
Hispanic	27	26	28	27	26	33
White	19	12	20	15	25	16
Other	5	3	5	6	6	8
Does Not Speak English at Home	17	14	16	20	19	20
Education						
Less than high school	39	49	30	49	46	55
High school only	45	39	50	39	42	37
More than high school	16	12	20	12	12	9
Work Experience in Two Years Prior to WFNJ Entry						
Did not work at all	46	56	38	57	50	61
Worked in one to three quarters	27	24	30	26	25	22
Worked in four or more quarters	27	20	32	17	25	17
Average Percentage of Time on Cash Assistance During Two Years Prior to WFNJ Entry	60	65	57	65	58	69
Poverty Status of Neighborhood ^b						
Low	26	16	30	24	30	23
Medium	36	39	33	34	39	32
High	38	44	37	42	32	45
Sample Size	1,607	325	827	174	281	52

Source: WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: The "least stable" group is defined as WFNJ clients who were off, TANF, not employed in the past three months, not living with an employed spouse or partner, not on SSI or UI, and not institutionalized or incarcerated.

^aThis group defined as WFNJ clients who were in the "least stable" group at both the third and fourth follow-up surveys.

^bPoverty status of neighborhood defined based on five-digit zip-code area using data from the 2000 U.S. census. A "low" poverty neighborhood is one in which fewer than 10 percent of residents live below the poverty threshold; a "medium" poverty neighborhood is one in which 10-to-20 percent of residents live below the poverty threshold; and a "high" poverty neighborhood is one in which 20 percent or more of the residents live below poverty.

SSI = Supplemental Security Income; TANF = Temporary Assistance for Needy Families; UI = Unemployment Insurance.

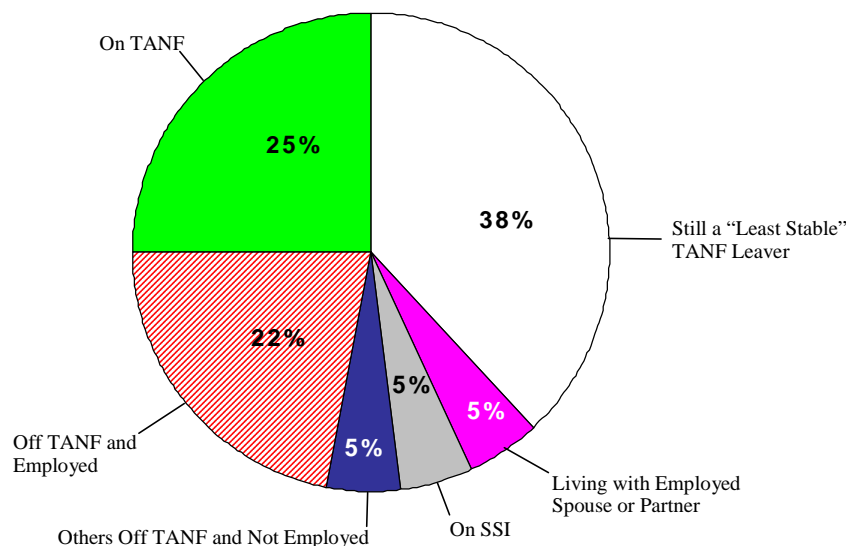
addition, this group is older, on average, than other WFNJ clients and had spent more time on cash assistance before they entered WFNJ. They are also more likely than other clients not to speak English at home and to live in "high-poverty" neighborhoods, defined as a five-digit zip code area in which more than 20 percent of the residents live below the poverty threshold (Table II.4). We know from earlier research that those in the "least stable" group are more likely than other TANF leavers to have left cash assistance because of a sanction. Among clients in this status at the second survey, a third reported being sanctioned off TANF, compared to 16 percent among all TANF leavers (Rangarajan and Wood 2000). In addition, we learned from earlier research that those in the "least stable" group have substantially worse mental health than others who have left TANF (Rangarajan and Wood 2000). Some clients in this group are no longer eligible for TANF. Among "least stable" leavers at the fourth survey, one in five no longer had a child under 18 living with them (not shown).

- *WFNJ clients in the “least stable” group tend to move in and out of this status. Relatively few remain there for a year or more.*

Throughout the period covered by the surveys (from about one and a half to four and a half years after program entry), at any given point in time, about 1 in 10 WFNJ clients was off TANF, not employed, and lacked a stable alternative source of financial support. However, those in this “least stable” group were typically not the same clients year after year. For example, 30 percent of clients tracked by the study were in this status at the time of at least one of the four follow-up surveys (not shown). However, only seven percent of clients were in this status for two consecutive surveys, while only two percent were in this status for three consecutive surveys. Some of these “least stable” leavers went back to TANF; others remained off TANF and found jobs (Figure II.9). A few entered the SSI program or moved in with employed spouses or partners. Those in the “least stable” group for the longer term tended to be even more disadvantaged than “least stable” leavers in general, with even less education and work experience (Table II.4). They also tended to be older, had spent even more time on welfare prior to entering WFNJ, and were from even poorer parts of the state than other “least stable” leavers.

FIGURE II.9

EMPLOYMENT AND TANF STATUS AT THE FOURTH SURVEY OF WFNJ CLIENTS WHO WERE “LEAST STABLE” TANF LEAVERS AT THE THIRD SURVEY



Source: Third and fourth WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: On average, the third and fourth WFNJ client surveys were conducted 42 and 53 months after WFNJ entry, respectively. “Least stable TANF leavers” defined as those who, at the time of the survey, were off TANF, had not worked in the past three months, were not living with an employed spouse or partner, were not on SSI or UI, and were not institutionalized or incarcerated.

SSI = Supplemental Security Income; TANF = Temporary Assistance for Needy Families; UI = Unemployment Insurance.

III

LIFE QUALITY AND WFNJ CLIENTS

The overall life quality of WFNJ clients depends on many factors, not only their employment and income levels. To get a more complete picture of their lives, it is important to consider the following questions: How common are health problems among WFNJ clients, and how might these problems affect their level of economic success? How many current and former clients have health insurance coverage for themselves and their children? What housing arrangements and problems do WFNJ clients have? Do clients ever have difficulty getting enough to eat? Do they have friends and relatives they can call on in a crisis?

In this chapter, we examine these and other measures of clients' life quality. First, we examine the frequency and trends over time of hardships among these clients, focusing on measures in three broad areas: health, housing, and hunger. Next, we look at the extent to which clients have social support networks they can rely on in a crisis and whether these networks shield them from certain hardships. Finally, we look at which clients are most likely to escape poverty by leaving welfare for work. We analyze how clients' likelihood of being employed, off TANF, and out of poverty at the fourth survey

KEY FINDINGS FROM THIS CHAPTER

- ***A third of WFNJ clients report a serious health problem; those with better health have greater economic success.*** The frequency of health problems among these clients has remained steady over time. Clients with better health are more likely than other clients to leave welfare for work and exit poverty.
- ***The frequency of housing problems and food insecurity among this group of WFNJ clients has declined over time, mirroring their increases in income.*** At the fourth survey, 1 in 5 had experienced a recent housing crisis, down from 3 in 10 three years earlier. The proportion having difficulty getting enough to eat also declined over the period.
- ***In general, clients have friends and relatives they can rely on in a crisis. Having a large support network is associated with fewer extreme hardships and greater economic success.*** For example, clients with larger social support networks are less likely than similar clients with small networks to experience eviction, homelessness, or hunger. In addition, they are more likely than other clients to be employed and off TANF and out of poverty.
- ***Clients who entered the program with more education and work experience have been the most economically successful.*** They are much more likely than other clients to be employed and off TANF and out off poverty. In addition, family structure plays an important role in poverty status. Clients living with a spouse or partner and those having fewer and older children are much more likely than other clients to be out of poverty.

varies by their characteristics when they entered the program, their current health status, the size of their support networks, their marital status, and other factors.

A. WHAT IS THE HEALTH AND INSURANCE STATUS OF WFNJ CLIENTS?

Good health can be crucial for a successful transition from welfare to work. Health problems may discourage welfare recipients from seeking employment and can lead to job loss among those who are employed. In addition, fear of losing health insurance coverage may discourage some TANF recipients from leaving welfare. Here, we examine the general health status and the insurance coverage of WFNJ clients during the four and a half years after they entered the program.

- *About a third of WFNJ clients report a serious health problem. Good health and economic success among WFNJ clients are closely linked.*

The general health of WFNJ clients has remained relatively stable during the four and a half years after program entry. Throughout this period (at each of the four follow-up surveys), about one in three WFNJ clients reported having a serious health problem. In addition, throughout this period, those who remained on TANF and were not employed consistently reported more health problems than other clients. At the time of the fourth survey, 54 percent of those on TANF and not employed reported a serious health problem, compared with 22 percent of those who were employed and off TANF (Figure III.1). Similarly, 18 percent of the clients who remained on TANF and were not employed rated their health as “poor,” compared with only 2 percent of those employed and off TANF.

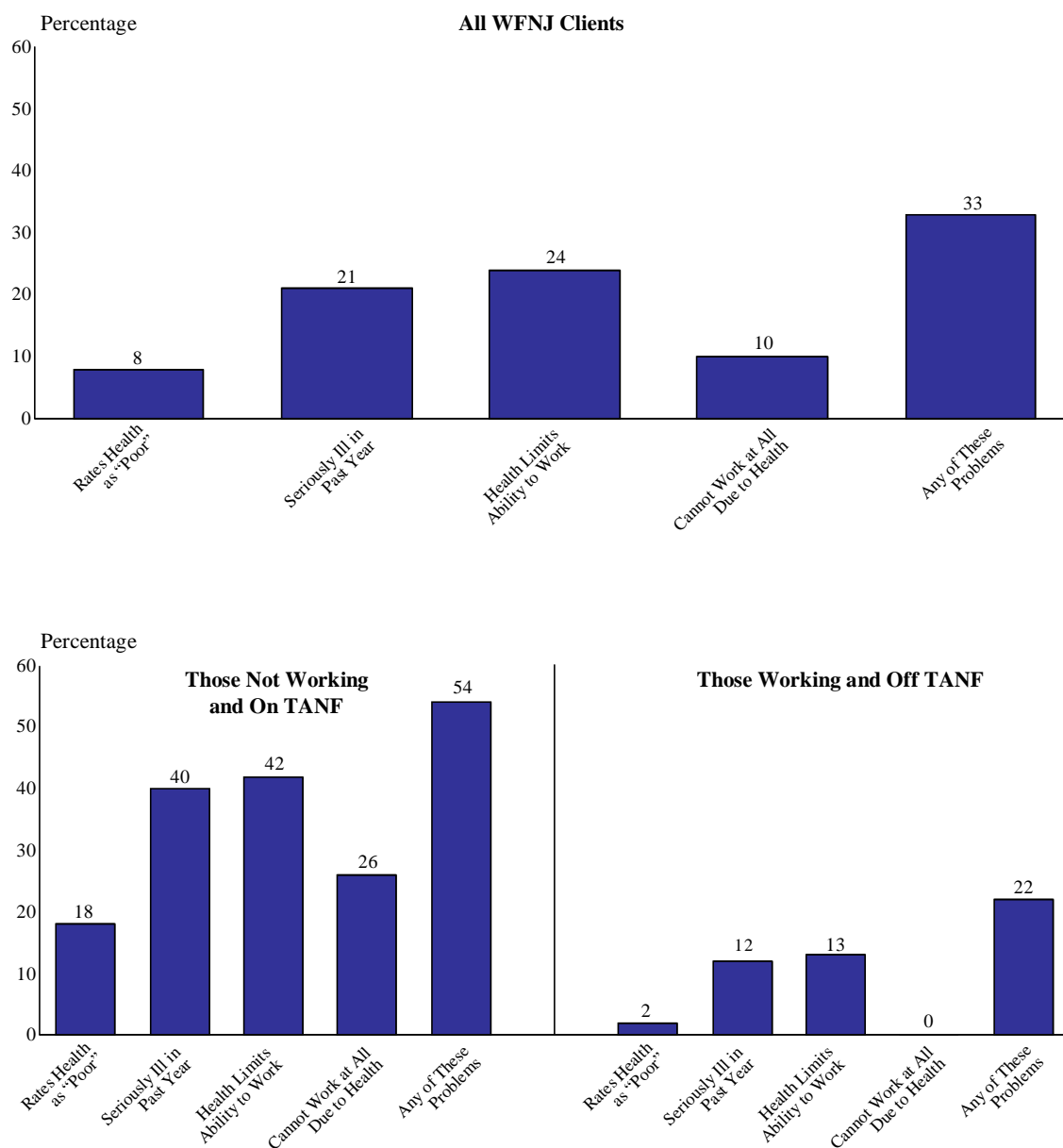
In addition, WFNJ clients with lower incomes were much more likely to have health problems. Among those with incomes below the poverty threshold, 13 percent rated their health as poor at the time of the fourth survey, while 17 percent reported that they could not work at all because of their health (Table III.1). In contrast, among those with incomes above 150 percent of the poverty threshold, only three percent rated their health as poor, while a similar percentage said they could not work at all because of their health. These findings suggest that health problems are a significant barrier to economic success for some clients. Later in this chapter, we examine the link between health status and poverty status further. In subsequent chapters, we examine how health status is associated with rates of TANF exit and return, as well as the likelihood of obtaining and sustaining employment.

- *Four and a half years after entering the program, three of four WFNJ clients had health insurance. After an initial decline, the proportion of clients who have health insurance has held steady.*

At the time of the fourth survey, 76 percent of WFNJ clients had health insurance coverage (Figure III.2). Four and a half years after entering WFNJ, most clients still had insurance coverage through Medicaid or other public insurance programs. Public insurance programs covered nearly 6 in 10 clients, while private health insurance—obtained through an employer or paid for directly—covered only 20 percent. These patterns are broadly similar to those of low-income individuals nationally. In 2001, 77 percent of Americans in households with annual income below \$25,000 were insured;

FIGURE III.1

HEALTH PROBLEMS AMONG WFNJ CLIENTS AT THE TIME OF THE FOURTH SURVEY



Source: Fourth WFNJ client survey, conducted by Mathematica Policy Research, Inc.

Note: TANF and employment status refer to time of the fourth survey, conducted, on average, 53 months after WFNJ entry.

TANF = Temporary Assistance for Needy Families.

TABLE III.1
HEALTH, HOUSING, AND HUNGER PROBLEMS
AMONG WFNJ CLIENTS, BY INCOME LEVEL

	Income as a Percentage of the Poverty Threshold			All Clients
	Less than 100%	100%-150%	150% or More	
Health Problems				
Rates health as poor	13	5	3	8***
Seriously ill in past year	26	16	18	21***
Health limits ability to work	31	21	14	24***
Cannot work at all due to health	17	7	3	10***
Any of these problems	39	28	26	33***
Health Insurance Status				
Has public insurance	71	59	36	58***
Has private insurance	5	20	44	20***
Has any insurance	75	76	77	76
Children have public insurance ^a	80	73	51	70***
Children have private insurance ^a	8	18	42	20***
Children have any insurance ^a	85	86	88	86
Housing Problems in Past Year				
Water or electricity cut off	10	7	8	9
Moved in with friends or relatives	12	8	6	9***
Lived in an emergency shelter	6	3	2	4**
Was homeless	3	2	2	2
Any of these problems	22	17	14	19***
Food Security				
Food secure	65	72	78	70***
Food insecure, no hunger	19	18	15	18
Food insecure with hunger	16	10	7	12***
Sample Size	723	406	477	1,607

Source: Fourth WFNJ client survey, conducted by Mathematica Policy Research, Inc.

Note: Income and hardship measures refer to time of the fourth survey, conducted, on average, 53 months after WFNJ entry. Income was measured for the month prior to the survey and multiplied by 12 to transform it to an annual figure for determining poverty status.

^aThese figures include only those living with children under 18 at the time of the fourth survey.

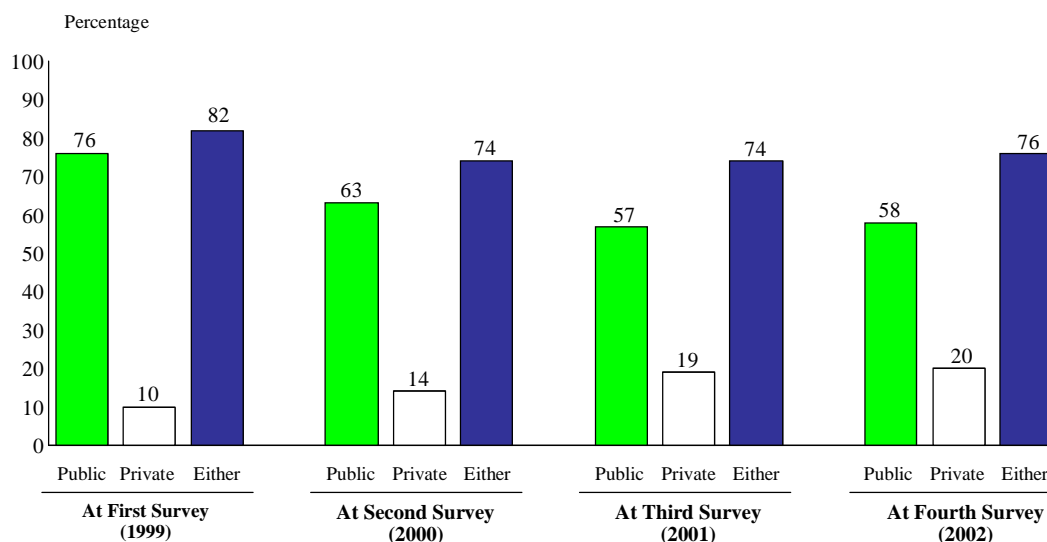
*/**/**Differences across income categories are statistically significant at the .10/.05/.01 level.

moreover, government health insurance covered most low-income Americans who were insured (U.S. Census Bureau 2002c). As in earlier survey years, those who have left TANF are less likely than those remaining on it to have health insurance coverage. Only 75 percent of those off TANF and employed and 62 percent of those off TANF and not employed were insured, compared with 96 percent of those remaining on TANF (not shown).

Initially, insurance coverage rates declined among this early group of WFNJ clients. However, since the time of the second survey, conducted in spring 2000, their insurance levels have remained stable at around 75 percent insured (Figure III.2). Moreover, these rates held steady over a two-year period when the proportion of these clients remaining on TANF fell from 34 to 21 percent (Figure II.4). Because clients who have left TANF are substantially less likely to be insured than those who have not, one might have expected insurance coverage rates to continue to decline over this period. One factor in

FIGURE III.2

PERCENTAGE OF WFNJ CLIENTS WITH HEALTH INSURANCE
AT THE TIME OF THE FOLLOW-UP SURVEYS



Source: First, second, third, and fourth WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: On average, the first, second, third, and fourth surveys were conducted 19, 30, 42, and 53 months after WFNJ entry, respectively.

halting the trend toward lower insurance coverage among this group of clients may be the availability of New Jersey's Family Care program, which was launched in October 2000 (between the second and third surveys) and provided coverage to low-income parents and their children.¹

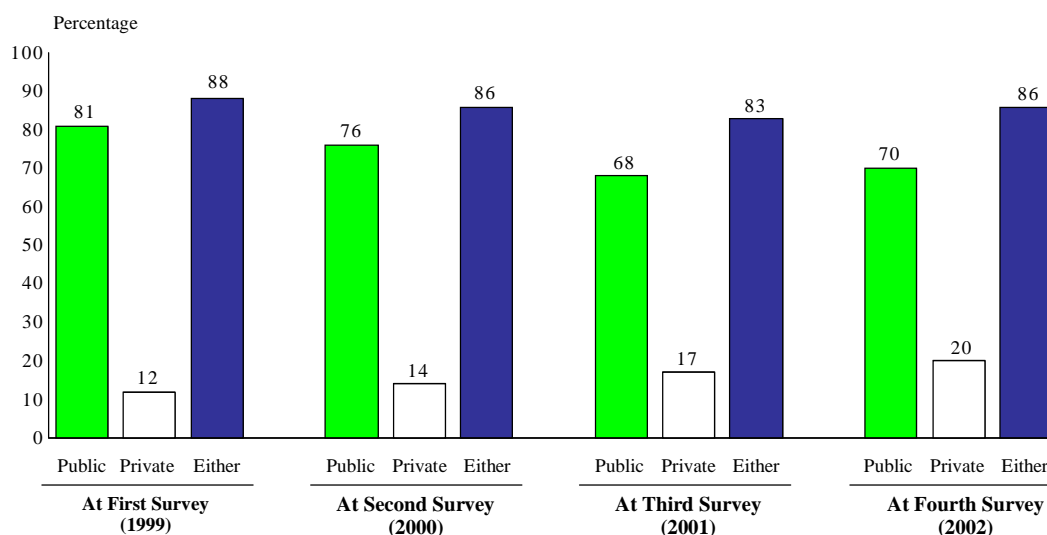
- ***The children of WFNJ clients are more likely than their parents to maintain health insurance coverage.***

Throughout the follow-up period, the minor children of clients in our sample were more likely to be covered by insurance than were the clients themselves. At the time of the fourth survey, 86 percent of the minor children living with the WFNJ clients in our study were insured, compared to 76 percent of the clients (Figures III.2 and III.3). The difference in the percentage covered by public insurance was even greater. At the fourth survey, a government insurance program covered 70 percent of the children but only 58 percent of the clients. In general, government insurance programs are more likely to cover low-income children than low-income adults, which most likely explains this difference.

¹New Jersey's Family Care program stopped enrolling parents and caretakers in June 2002, after the period this report covers.

FIGURE III.3

PERCENTAGE OF WFNJ CLIENTS' CHILDREN WITH HEALTH INSURANCE
AT THE TIME OF THE FOLLOW-UP SURVEYS



Source: First, second, third, and fourth WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: Figures include only WFNJ clients' children who were under 18 and living with them at the time of the various surveys. On average, the first, second, third, and fourth surveys were conducted 19, 30, 42, and 53 months after WFNJ entry, respectively.

Among both children and adults in current and former WFNJ families, the likelihood of being insured does not vary substantially by income level. Among those with incomes below the poverty threshold, 75 percent of the adults and 85 percent of the children were insured at the fourth survey (Table III.1). Similarly, among those with incomes above 150 percent of poverty, 77 percent of the adults and 88 percent of the children were insured. However, the mix of public and private insurance does vary substantially by income level. Among adults in families with incomes below the poverty threshold, 71 percent had public insurance, and 5 percent had private insurance (Table III.1). In contrast, among those with incomes above 150 percent of the poverty threshold, 36 percent had public insurance, and 44 percent had private insurance. Similar differences existed by income level for children's insurance.

B. WHAT KINDS OF HOUSING PROBLEMS DO WFNJ CLIENTS FACE?

Having safe, affordable housing can pose a substantial challenge for low-income families. Throughout the four-and-a-half-year follow-up period our study covered, most WFNJ clients rented, while relatively few owned homes. At the time of the fourth survey, 83 percent were renters, while 7 percent were homeowners (up from 3 percent at the time of the first survey). Most others lived rent free with friends or relatives. Among those who rented, the average monthly rent was \$420, which represents 27 percent of the average income of the clients in our study. Because housing can be a major expense for current and former welfare recipients, limited resources can lead to housing problems, such as having water or electricity cut off or needing to double up with friends or family.

In this section, we examine the housing problems facing WFNJ clients during the four and a half years since they entered the program.

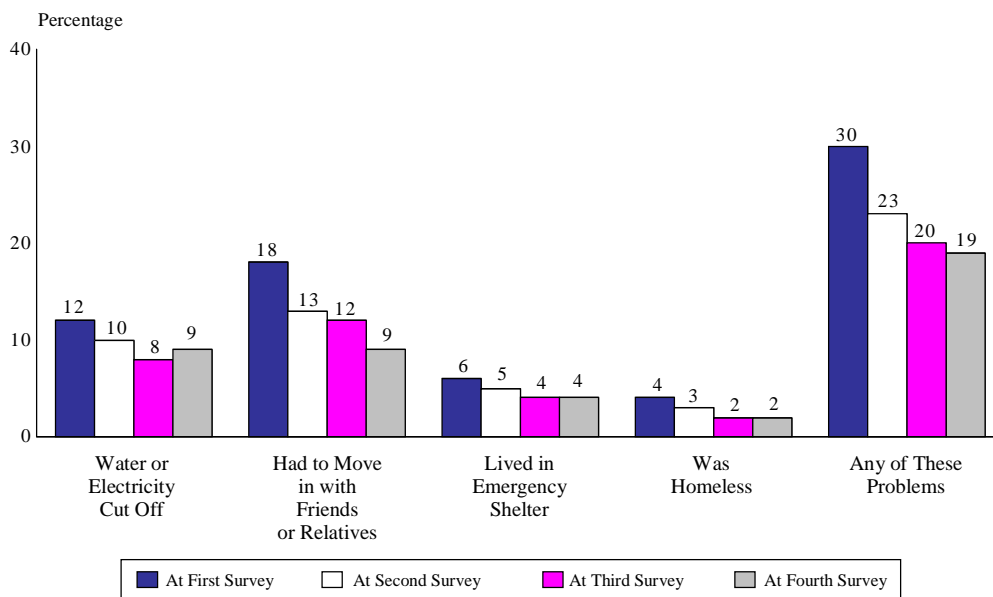
- ***The level of housing problems among WFNJ clients has declined over time, mirroring increases in income. At the fourth survey, one in five had experienced a recent housing crisis.***

We have tracked four housing crisis measures at each of the four surveys. These represent whether, in the past year, clients (1) had their water or electricity cut off, (2) had to move in with friends or relatives to save on rent, (3) lived in an emergency shelter, or (4) were homeless. These measures have all trended downward over the follow-up period. At the time of the first survey (about 18 months after WFNJ entry), 30 percent of clients reported one of these housing crises in the past year (Figure III.4). By the time of the fourth survey, about three years later, this proportion had decreased to 19 percent. The pace of decline in these housing crisis measures has slowed over time. Most of the decline in these housing crisis measures occurred between the first and second surveys. These measures remained relatively stable between the third and fourth surveys.

Not surprisingly, clients with less income have the most housing problems. For example, 22 percent of clients with incomes below 100 percent of the poverty threshold had experienced one of these four housing crises in the past year, compared to 14 percent of those with incomes above 150 percent of the poverty threshold (Table III.1). The close link between income levels and housing problems suggests that the declines in housing problems among WFNJ clients over the follow-up period were driven mainly by increases in their incomes over the period.

FIGURE III.4

HOUSING PROBLEMS DURING THE PAST YEAR AMONG WFNJ CLIENTS



Source: First, second, third, and fourth WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: On average, the first, second, third, and fourth surveys were conducted 19, 30, 42, and 53 months after WFNJ entry, respectively.

Other measures of housing problems have followed similar patterns of decline over time. For example, the proportion of clients living in overcrowded conditions (in a household with more than one person per room) initially declined and has more recently held steady. The frequency of overcrowding declined from 21 percent at the time of the first survey to 17 percent at the time of the second survey; it then held steady at 16 percent at the third and fourth surveys (not shown). Perhaps because of New Jersey's population density and high housing costs, living in overcrowded housing conditions remains substantially more common among current and former WFNJ clients than it is among low-income families nationally. In 1997, only seven percent of American households below the poverty threshold lived in overcrowded conditions (U.S. Department of Housing and Urban Development 1999).

- ***This early group of WFNJ clients continues to move frequently; however, the frequency of their moves has declined somewhat.***

At the fourth survey, 25 percent of the clients tracked by the study had moved in the past year; 7 percent had moved two or more times (not shown). However, these clients are moving less often than they were earlier in the follow-up period. Three years earlier, at the first survey, these percentages were 31 and 11 percent, respectively. The frequency of moves among current and former WFNJ clients is similar to that of low-income families nationally. In 1997, 25 percent of American households below the poverty threshold had moved in the past year (U.S. Department of Housing and Urban Development 1999).

WFNJ clients move for a mix of reasons. The two most common ones given were that they wanted higher-quality housing (reported by 20 percent of movers) and that they wanted more affordable housing (reported by 14 percent). Other reasons clients reported for moving were that they could not pay the rent (10 percent), they were living with friends or relatives who wanted them to leave (8 percent), or they needed more space (7 percent).

C. DO WFNJ CLIENTS AND THEIR FAMILIES HAVE ENOUGH TO EAT?

An important measure of WFNJ clients' life quality is whether they and their families have access to enough food to meet their basic needs. In the nutrition literature, lacking consistent access to nutritionally adequate and safe foods is described as experiencing "food insecurity" (Anderson 1990). Severe food insecurity can lead to malnutrition and hunger. Here, we examine the prevalence of food insecurity and hunger among WFNJ clients.

- ***The level of food security among WFNJ clients has improved somewhat. Four and a half years after entering the program, 7 in 10 are food secure.***

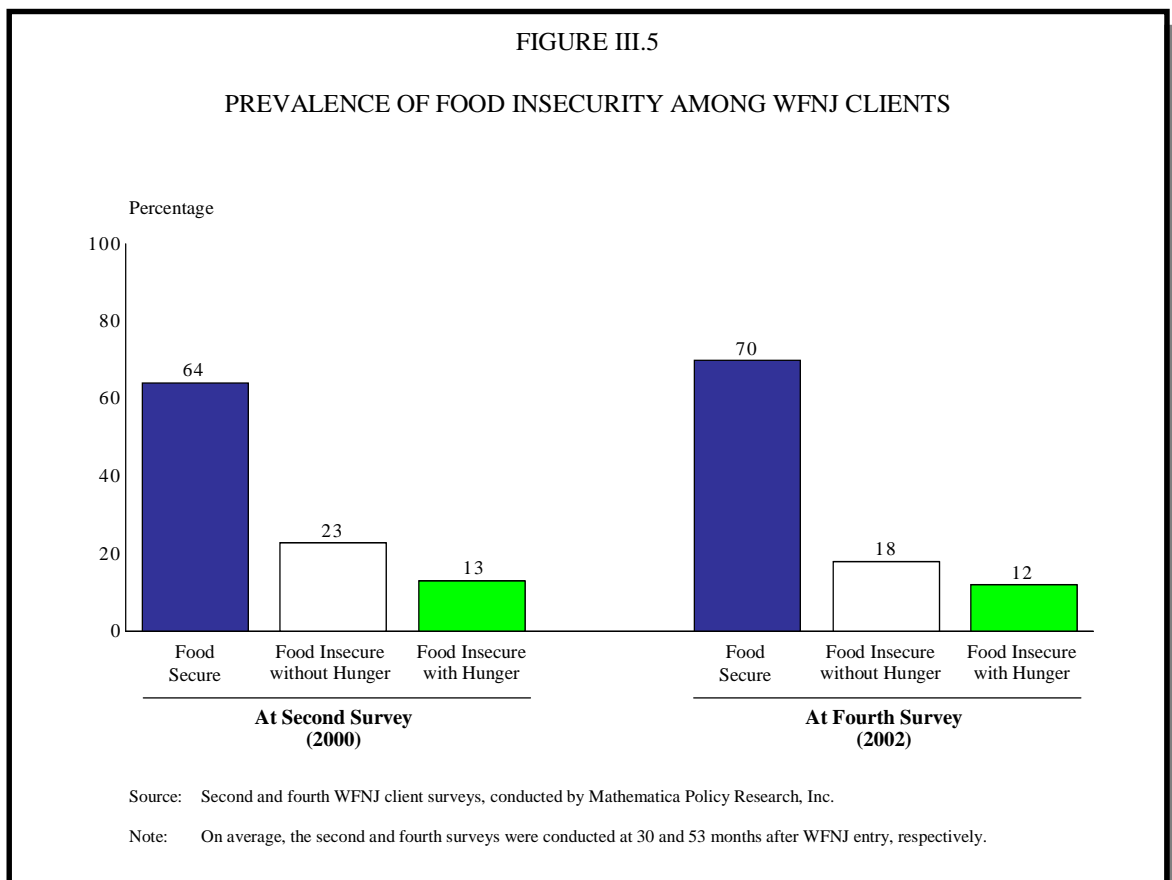
In the second and fourth client surveys, we included the short form of the Household Food Security Scale—six questions developed to assess food insecurity and hunger (Blumberg et al. 1999). This six-item scale places respondents into one of three categories: (1) food secure—respondent's household shows no or minimal signs of food insecurity; (2) food insecure without hunger—because of inadequate resources, food insecurity (including reduction in diet quality) is evident in the household, but with no evidence of a reduction in the quantity of food intake; and (3) food insecure with

hunger—because of inadequate resources, food intake for household members is reduced so much that they are experiencing hunger.

Based on their responses to this six-item scale, at the time of the fourth survey, 30 percent of WFNJ clients and their families had experienced food insecurity in the past year, including 12 percent who had experienced food insecurity with hunger (Figure III.5). These levels have declined somewhat since the second survey, conducted two years earlier. At that time, 36 percent had experienced food insecurity in the past year, including 13 percent who had experienced food insecurity with hunger.²

- ***WFNJ clients who have been the most economically successful are the most food secure.***

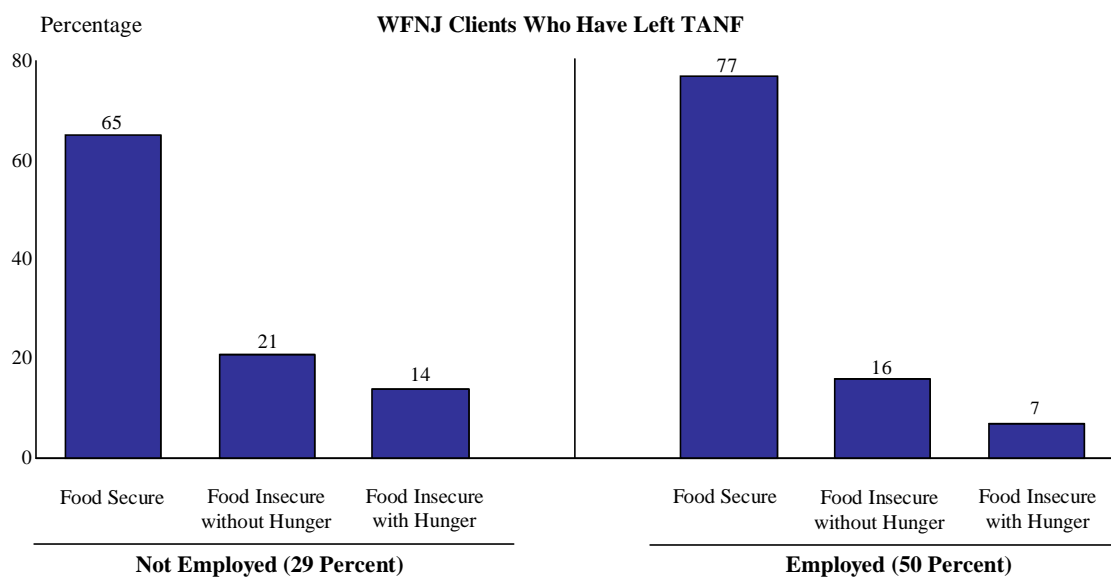
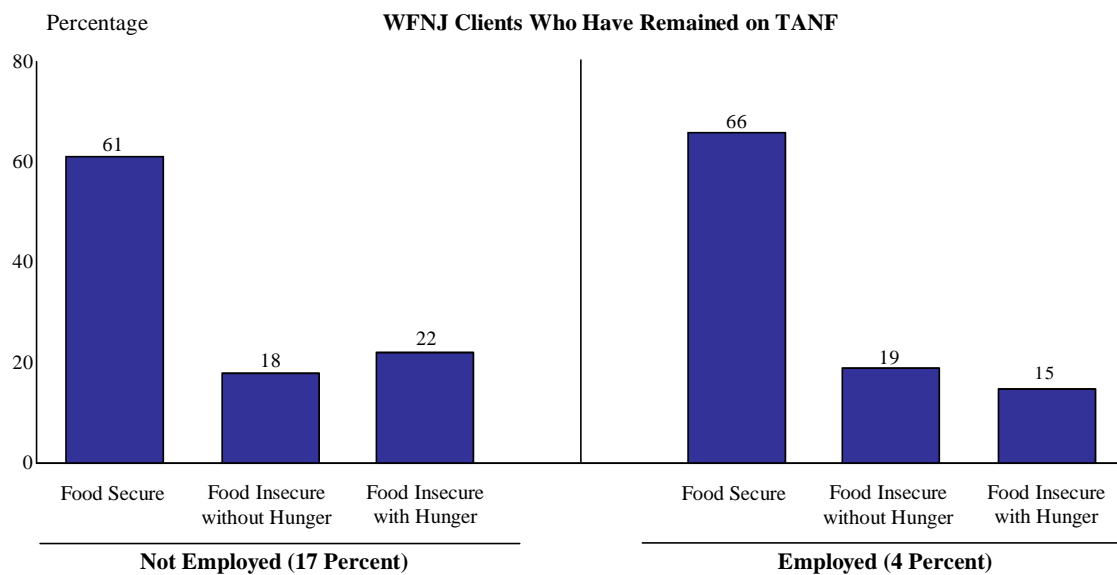
Food security is most common among WFNJ clients who have had the most economic success. For example, among clients who had left TANF and were employed at the time of the fourth survey, 77 percent were food secure, while only 7 percent reported evidence of hunger (Figure III.6). In contrast, among clients who remained on TANF and were not employed, 61 percent were food secure, while 22 percent reported evidence of hunger. Similarly, food security is more common among clients with higher income. For example, 78 percent of clients with incomes above 150 percent of poverty



²The questions used to create this food security scale refer to respondents' food situation during the past year.

FIGURE III.6

PREVALENCE OF FOOD INSECURITY AMONG WFNJ CLIENTS,
BY EMPLOYMENT AND TANF STATUS



Source: Fourth WFNJ client survey, conducted by Mathematica Policy Research, Inc.

Note: TANF and employment status refer to time of the fourth survey, conducted, on average, 53 months after WFNJ entry.

TANF = Temporary Assistance for Needy Families.

were food secure, compared to 65 percent of those with incomes below the poverty threshold (Table III.1). This pattern suggests that, as with the decline in housing problems, the decline in the prevalence of food insecurity over time among this early group of WFNJ clients was driven by increases in their income over the period.

D. HOW EXTENSIVE ARE WFNJ CLIENTS' SOCIAL SUPPORT NETWORKS?

Having a support network of friends and relatives to rely on in an emergency can be important for the sustained economic success of current and former TANF recipients. As they move from welfare to work, WFNJ clients' economic circumstances can be fragile. Temporary setbacks can sometimes cause clients to lose their jobs and return to cash assistance. Having friends and relatives to rely on in a crisis may help some clients weather these setbacks and avoid job loss and a return to welfare. In this section, we look at the size of the social support networks of WFNJ clients. We also analyze how the size of these networks is related to clients' likelihood of experiencing problems with having adequate housing and getting enough food to eat. In the next section, we examine the relationship between the size of clients' support networks and their likelihood of exiting poverty.

To document the size of clients' support networks, as part of the fourth survey, we collected information on the number of friends and relatives they could call on in five hypothetical emergencies. These were (1) they are feeling anxious or depressed and need someone they can confide in; (2) they need to borrow \$100; (3) their telephone is not working and they need to use a neighbor's telephone to make an important call; (4) their pipes burst and they have to move out of their home for a week and need a place to stay; and (5) for those with children under 13, a family emergency arises and they have to go out of town for a few days and need someone to watch their children while they are away. Here, we discuss each of these measures separately. In addition, we have also created a summary support network measure using the first four of these hypothetical emergency measures. We use this summary measure to divide clients into three groups—those with small, medium, or large support networks.³ We use this summary measure to examine the relationship between support networks and the likelihood of certain hardships. In the next section, we use it to examine the link between support networks and clients' likelihood of exiting poverty.

³We used only the first four hypothetical emergency measures for this summary measure, because the fifth is defined only for those with children under 13. We constructed this summary measure by summing the number of people clients reported that they could rely on in each of the first four hypothetical situations. Before summing across these four measures, we capped each of them at 6, because of a small number of extreme responses in which clients reported very large numbers of people they could call on in these situations. After creating this summary measure, we used it to divide the sample into three roughly equal parts. Those with values of 5 or less (35 percent of the sample) were categorized as having "small" support networks; those with values of 6 to 10 (36 percent of the sample) were categorized as having "medium-sized" support networks; and those with values greater than 10 (30 percent of the sample) were categorized as having "large" support networks.

- *In general, WFNJ clients have friends and relatives they can call on in a crisis.*

Most WFNJ clients have people they can call on in a crisis. For all five hypothetical emergencies we examined, more than 70 percent of clients reported having at least one friend or relative they could rely on in this type of crisis (Figure III.7). Many clients reported having more than one person who could help them in these situations. Of the hypothetical crises we examined, clients were most likely to report that they had someone they could confide in when they felt anxious or depressed, with 85 percent indicating they had at least one person and 64 percent reporting they had two or more people they could confide in (Figure III.7). Clients were somewhat less likely to report that they had someone they could borrow \$100 from or move in with for a week in an emergency, with 74 and 73 percent of clients indicating that they had someone they could rely on in these situations.

- *Having a large social support network reduces clients' likelihood of experiencing certain crises, such as eviction, homelessness, or hunger.*

Clients with larger social support networks are less likely than similar clients with smaller networks to report housing problems. Among clients with large support networks, three percent reported being evicted in the past year, and one percent reported being homeless during this period (Table III.2). In contrast, among similar clients with small support networks, six percent had been evicted in the past year, and four percent

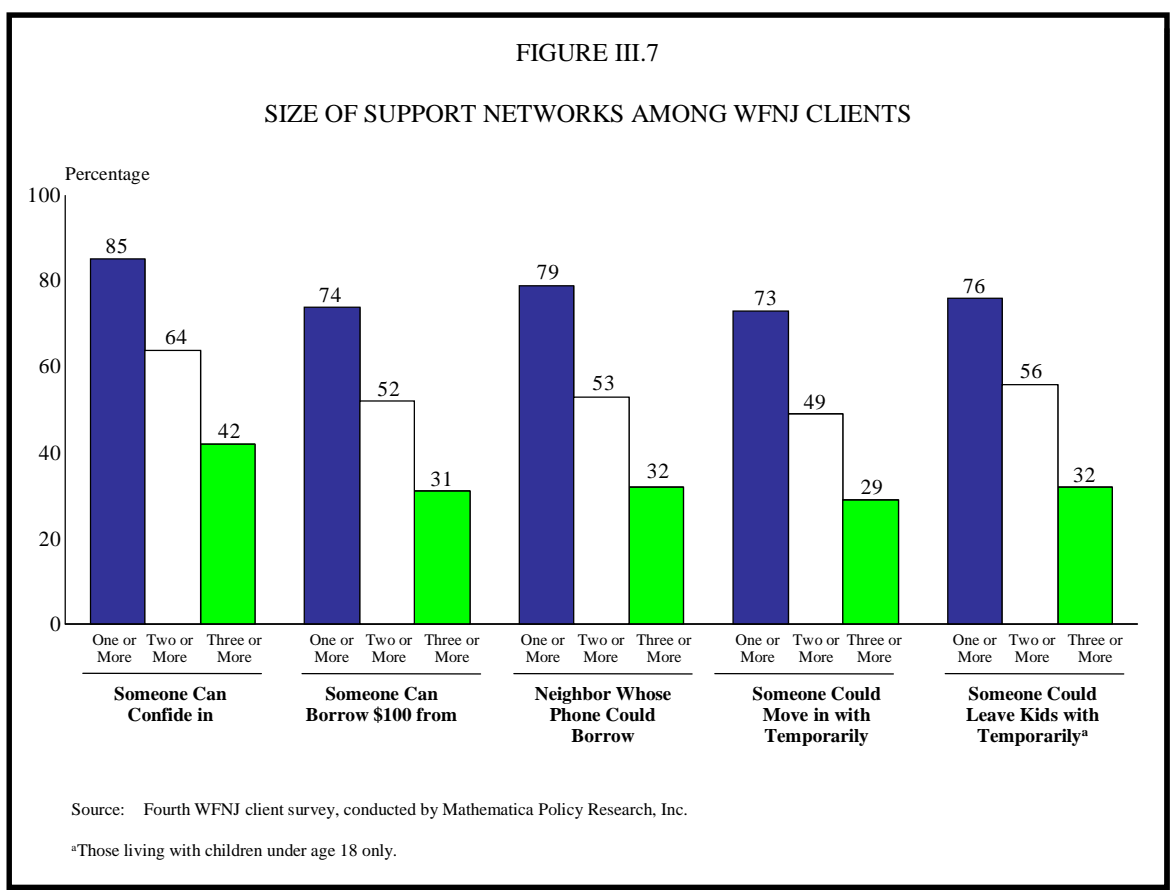


TABLE III.2
HOUSING PROBLEMS AND FOOD SECURITY AMONG WFNJ CLIENTS,
BY SIZE OF THEIR SOCIAL SUPPORT NETWORKS
(Percentages)

	Size of Social Support Networks			All Clients
	Small	Medium	Large	
Housing Problems in Past Year				
Telephone service cut off	22	21	11***	18
Water or electricity cut off	9	9	7	9
Moved two or more times	8	7	6	7
Evicted from residence	6	4	3**	5
Was homeless	4	1***	1***	2
Food Security in Past Year				
Food secure	56	72***	85***	70
Food insecure, no hunger	25	16***	10***	18
Food insecure with hunger	18	11***	4***	12
Used a food bank or soup kitchen	15	13	6***	12
Sample Size	557	563	487	1,607

Source: Fourth WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: “Small,” “medium,” and “large” support networks are defined in Footnote 3 in Chapter III. Percentages presented in this table were estimated using multivariate statistical models that adjust for differences in observed client characteristics. The controls used in these models include clients’ age, sex, ethnicity, education, and marital status, the number and age of their children, their income level at the time of the survey relative to the poverty threshold, whether they speak English at home, their self-reported health status, whether they had had a post-WFNJ entry birth, their pre-WFNJ entry welfare and work history, whether they received welfare growing up, whether they grew up in a two-parent household, whether they lived in a high-, medium-, or low-poverty area at WFNJ entry, whether they were from a high-, medium-, or low-density county, and whether they had a family member who received SSI when they entered the program.

Tests of statistical significance reported here refer to the difference between the percentage for those in a particular “support network” category and those in the “small support network” category.

* The difference between the percentage for clients in this “support network” category and those in the “small support network” category is significant at the .10 level.

** The difference between the percentage for clients in this “support network” category and those in the “small support network” category is significant at the .05 level.

*** The difference between the percentage for clients in this “support network” category and those in the “small support network” category is significant at the .01 level.

had been homeless. Large support networks also are associated with a lower likelihood of having difficulty getting enough food to eat. Among clients with large support networks, only four percent experienced hunger in the past year (based on the standard food security scale, discussed in Section C), and only six percent had used a food bank or soup kitchen during this period (Table III.2). Among those with small networks, these percentages were much higher—18 and 15 percent, respectively.

The results comparing the likelihood of housing and food problems for those with larger and smaller support networks are based on a series of multivariate statistical models that adjust these percentages for a wide variety of client characteristics, including

their income levels.⁴ These findings suggest that having a large support network helps some clients avoid certain hardships associated with living below or just above the poverty threshold. As we discuss in the next section, larger support networks are also associated with greater economic success among WFNJ clients and a greater likelihood of exiting poverty.

E. WHO IS MOST LIKELY TO LEAVE TANF FOR WORK AND EXIT POVERTY?

In the previous chapter, we saw that, on average, this early group of WFNJ clients has experienced steady economic progress over the four-and-a-half-year follow-up period. Here, we look at which clients have been most economically successful over the period and which have struggled to achieve economic self-sufficiency. Identifying the types of clients who have had greater economic success (as well as those who have been less successful) can help policymakers tailor program services to, and target, those who have had less economic success and who may need the most help.

In this section, we examine variation in the level of economic success at the time of the fourth survey across various client characteristics. We examine economic success using two simple measures: (1) whether clients were employed and off TANF at the time of the fourth survey, and (2) whether their family incomes were above the federal poverty threshold at that time. We analyze these measures using a multivariate statistical model that adjusts for observed differences in client characteristics. The results of this analysis can be used to generate predicted probabilities of experiencing these two outcomes for clients with specific characteristics, assuming they otherwise have the average characteristics of the full group of WFNJ clients tracked by the study. We present these predicted probabilities in this section. In later chapters, we use similar techniques to consider these issues in more detail, examining how patterns of employment and welfare receipt vary by client characteristics.

- *WFNJ clients who entered the program with more education and work experience were most economically successful.*

Not surprisingly, clients with higher levels of education and recent work experience when they entered WFNJ fared substantially better economically. For example, clients who entered WFNJ with less than a high school education but who otherwise have the average characteristics of this early group of clients are predicted to have only a 42 percent chance of being off TANF and employed and only a 46 percent chance of being out of poverty at the time of the fourth survey (Table III.3). However, similar clients with more than a high school education are predicted to have a 59 percent chance of being employed and off TANF and a 62 percent chance of being out of poverty at this

⁴The full set of controls include clients' age, sex, ethnicity, education, and marital status; the number and age of their children; their income level at the time of the survey relative to the poverty threshold; whether they speak English at home; their self-reported health status; whether they had had a post-WFNJ entry birth; and their pre-WFNJ entry welfare and work history. It also includes whether they received welfare growing up; whether they grew up in a two-parent household; whether they lived in a high-, medium-, or low-poverty area at WFNJ entry; whether they were from a high-, medium-, or low-density county; and whether they had a family member who received SSI when they entered the program.

TABLE III.3

PROBABILITY OF BEING EMPLOYED AND OFF TANF AND OUT OF POVERTY
AT THE FOURTH SURVEY, BY CLIENT CHARACTERISTICS

	Percentage with Characteristic	Predicted Probability of Being:	
		Employed—Off TANF	Out of Poverty
Overall	100	50	53
Sex			
<i>Female</i>	97	50	53
Male	3	50	67**
Age at WFNJ Entry (in Years)			
<i>Younger than 20</i>	9	55	60
20 to 24	23	55	58
25 to 29	20	50	55
30 to 34	18	48	48**
35 to 39	15	48	52
40 or older	15	44*	47**
Education at WFNJ Entry			
<i>Less than high school</i>	39	42	46
High school only	45	54***	57***
More than high school	16	59***	62***
Work Experience in Two Years Prior to WFNJ Entry			
<i>Did not work at all</i>	46	45	48
Worked in 1 to 3 quarters	27	54***	55**
Worked in 4 or more quarters	26	56***	60***
Number of Children at WFNJ Entry			
1	45	51	58
2	30	49	53
3	17	53	47***
4 or more	8	45	43***
Age of Youngest Child at WFNJ Entry (in Years)			
<i>Less than 1</i>	19	42	45
1 to 2	22	51**	50
3 to 5	26	53***	57***
6 or more	33	53**	58***
Whether Any Post-WFNJ Entry Births			
<i>No</i>	72	53	57
Yes	28	43***	44***
Current Marital/Cohabitation Status			
<i>Not married, no partner</i>	77	49	49
Married spouse present	13	55	69***
Living with unmarried partner	10	50	64***
Self-Reported Current Health Status			
<i>"Good" to "excellent" health</i>	68	55	56
"Fair" health	24	47***	53
"Poor" health	8	15***	31***
Size of Social Support Network			
<i>Small</i>	32	48	49
Medium	37	50	52*
Large	31	54*	61***
Sample Size = 1,607			

TABLE III.3 (continued)

Source: WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: The predicted probabilities presented here are based on the results from estimating a logistic regression model. They represent the likelihood of the outcome in question for a client who has the particular characteristic in the table but who otherwise has the average characteristics of all clients. In addition to the client characteristics in this table, the model included and controlled for clients' ethnicity, their pre-WFNJ entry welfare history, whether they received welfare growing up, whether they grew up in a two-parent household, whether they lived in a high-, medium-, or low-poverty area at WFNJ entry, whether they were from a high-, medium-, or low-density county, and whether they had a family member who received SSI when they entered the program. Differences in predicted probabilities for the characteristics not included in the table were generally small and statistically insignificant.

Tests of statistical significance reported here refer to the difference between the predicted probability for clients with the particular characteristic and the predicted probability for those in the reference category in each group. For each characteristic, the reference category is indicated by italics. For example, for the characteristic "age," the reference category is "Younger than 20," and all significance tests compare the predicted probability for those in a particular age category to the value for those who are younger than 20.

SSI = Supplemental Security Income; TANF = Temporary Assistance for Needy Families.

* Difference between the predicted probability for clients with this characteristic and for those in the italicized reference category statistically significant at the .10 level.

** Difference between the predicted probability for clients with this characteristic and for those in the italicized reference category statistically significant at the .05 level.

*** Difference between the predicted probability for clients with this characteristic and for those in the italicized reference category statistically significant at the .01 level.

point. Similarly, at the time of the fourth survey, clients with no work experience during the two years prior to WFNJ entry are predicted to have only a 45 percent chance of being employed and off TANF and only a 48 percent chance of being out of poverty, while those with substantial pre-WFNJ-entry work experience (working in at least half the quarters during the two years prior to program entry) are predicted to have a 56 percent chance of being employed and off TANF and a 60 percent chance of being out of poverty.

- ***Among WFNJ clients, having a spouse or partner is strongly associated with being out of poverty. In addition, those with fewer and older children have greater economic success.***

Having another adult contributing to family income significantly increases clients' likelihood of exiting poverty. Clients who are married and living with their spouses are estimated to have a 69 percent probability of being out of poverty at the fourth survey, while those who are living with an unmarried partner are estimated to have a 64 percent probability of being out of poverty (Table III.3). In contrast, those who have not married and are not currently living with a partner are estimated to have only a 49 percent probability of being out of poverty. However, similar differences by marriage and cohabitation status in the probability of being employed and off TANF are relatively small and statistically insignificant. We look more closely at the effect of marriage and cohabitation on economic status in Chapter VI.

Clients who had fewer and older children when they entered WFNJ were more likely to be out of poverty four and a half years later. For example, those who entered the program with only one child had a 58 percent probability of being out of poverty at the fourth survey, compared to only a 43 percent probability for similar clients who entered the program with four or more children (Table III.3). Similarly, those who entered the program with no child under six years old had a 58 percent probability of being out of

poverty, compared to only a 45 percent probability for similar clients who had a child under one at WFNJ entry.

Having another child after entering WFNJ significantly reduces clients' likelihood of exiting poverty. Clients who have had a post-WFNJ entry birth have a predicted probability of being out of poverty of only 44 percent, compared to 57 percent for similar clients who have not had a post-WFNJ entry birth (Table III.3). The additional birth significantly reduces a client's likelihood of being employed and increases the likelihood of returning to or remaining on welfare. Furthermore, the additional birth increases the family size, raising the income threshold the client must clear to escape poverty.

- ***WFNJ clients who are younger, healthier, and have larger support networks are more likely to exit poverty.***

Other significant differences by client characteristics exist in the likelihood of being out of poverty at the fourth survey. For example, younger clients are more likely to have left welfare for work and exited poverty, with those who entered WFNJ when they were under age 25 significantly more likely to be employed and off TANF and out of poverty at the fourth survey than similar clients who entered the program when they were age 30 or older (Table III.3). In addition, the small percentage of WFNJ clients who are men are much more likely to be out of poverty at the fourth survey than are similar female clients (67 versus 53 percent).

As mentioned earlier in the chapter, clients with better health are much more likely to be economically successful. Those who report their current health status as "poor" have predicted probabilities of only 15 percent of being employed and off TANF and only 31 percent of being out of poverty, compared to predicted probabilities of 55 percent and 56 percent among similar clients who report "good," "very good," or "excellent" health (Table III.3). In addition, clients with larger social support networks appear to be more economically successful. Statistically significant differences exist in the likelihood of being employed and off TANF and out of poverty between clients with large support networks and similar clients with small networks.

IV

EMPLOYMENT DYNAMICS OF WFNJ CLIENTS

Sustained employment is the primary route to self-sufficiency for most welfare recipients. To help clients achieve this goal, agencies that want to design job retention programs must know how long welfare recipients hold their jobs. The timing and intensity of services provided to assist with job retention will depend on whether clients generally lose jobs quickly after job start, or whether they generally lose them only after an extended period of employment. If jobs are lost quickly, then immediate and more intensive services may be preferred. If jobs are lost later, a more prolonged, but less intensive set of services may be more appropriate. Policymakers also want to know how much wage growth employed welfare recipients experience. If employed recipients experience wage growth over time by progressing in the same job or by moving to a better one, employment is likely to lead to job advancement. However, if welfare recipients simply continue to cycle in and out of employment in the same types of jobs, programs may want to focus on job advancement strategies to help individuals move ahead.

In this chapter, we look more closely at employment patterns among WFNJ clients. First, we examine the clients' employment dynamics. How quickly do clients find jobs? How long are they able to keep their jobs? Do those who lose jobs eventually find other

KEY FINDINGS FROM THIS CHAPTER

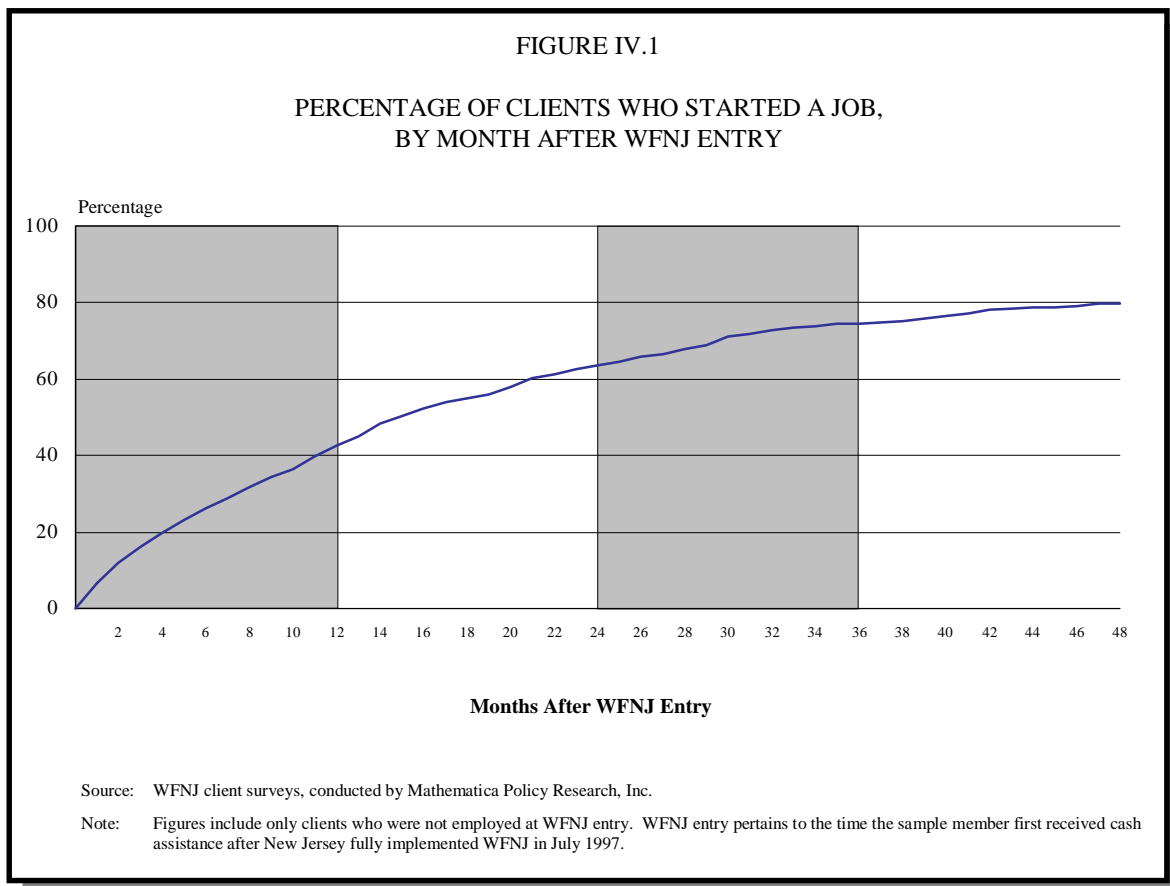
- ***Most WFNJ clients are able to find jobs, but many have difficulty keeping them.*** Rates of job loss are highest during the first few months after job start, when clients are trying to cope with the new demands of work. Most clients who lose jobs eventually find other employment, but often only after considerable time has elapsed.
- ***A number of demographic and human capital characteristics predict who is able to find jobs more quickly; however, initial job characteristics are the best predictors of employment retention.*** Several demographic factors (such as age, health status, and the presence of young children) and human capital variables (such as education and work experience) are strong predictors of which clients are able to find jobs quickly. In contrast, initial job characteristics (such as wages, job benefits, and child care and transportation arrangements) are the strongest predictors of who is able to keep their jobs.
- ***On average, clients move into higher-wage jobs over time; however, some have made substantially more progress than have others.*** Employed clients experienced an inflation-adjusted increase of more than 20 percent in their average hourly wages over a three-year period. However, 3 in 10 experienced a reduction in wages over that period. Despite substantial wage growth for these clients as a group, average wages have remained low, at around \$10 an hour. For employment to serve as a sustainable path out of welfare, therefore, it may be necessary to implement strategies that promote wage growth and job advancement.

employment? If so, how quickly? Second, we examine factors associated with finding and keeping jobs. Which clients are most likely to find jobs quickly? Which ones are at the greatest risk of job loss? Finally, we examine wage growth and job advancement. Do clients experience an increase in their earnings over time? Which clients experience the greatest wage growth?

A. WHAT ARE THE DYNAMICS OF EMPLOYMENT AMONG WFNJ CLIENTS?

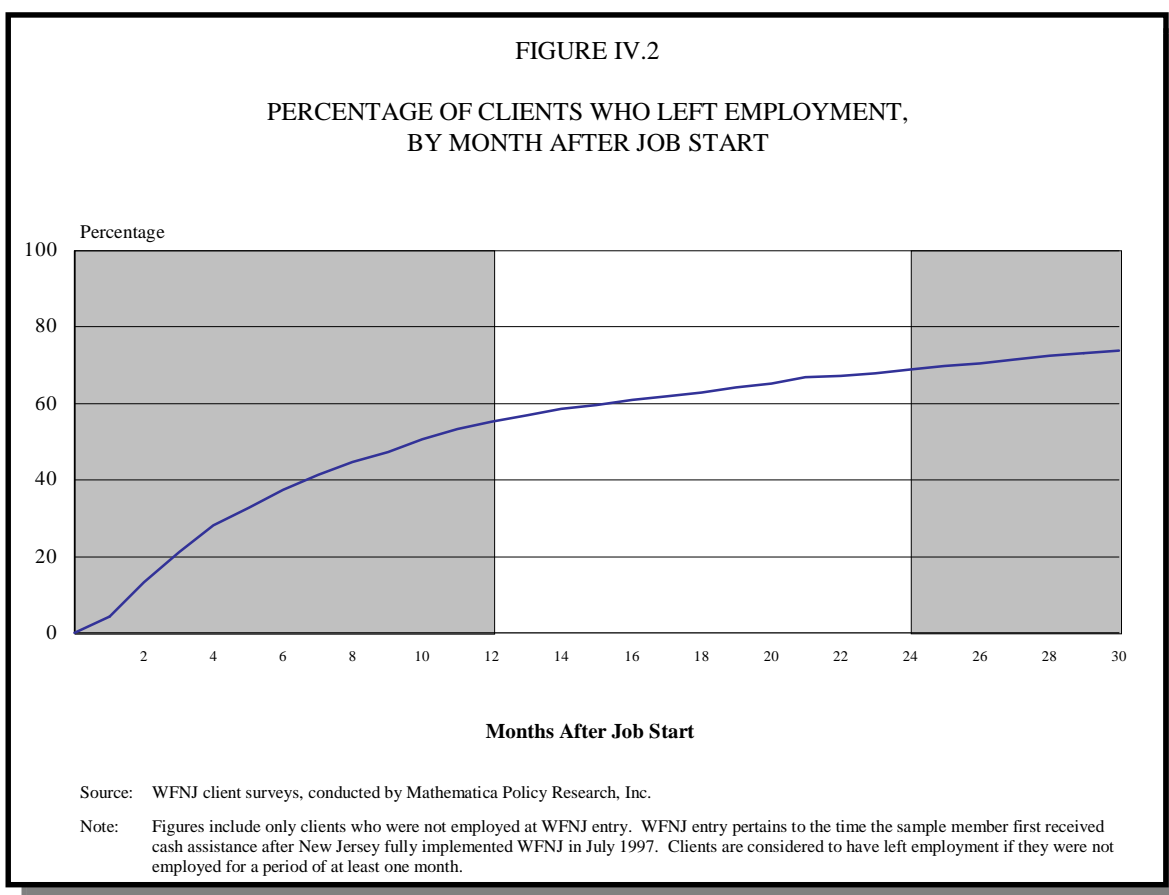
- *Most WFNJ clients find jobs, and the majority do so within the first two years after WFNJ entry.*

Welfare reform, aided by strong economic conditions, enabled many early WFNJ clients to find jobs. Four years after entering WFNJ, 80 percent of clients who entered the program without a job had been employed. The rate of finding jobs was highest during the first year. By the end of the first year, more than 40 percent of clients had found jobs (Figure IV.1). This number rose to more than 60 percent by the end of the second year, and to about 75 percent by the end of the third year. After that, the rate of entering the labor force was much slower. The most job-ready clients found jobs during the early years after WFNJ entry. Those who were less job ready and had not found work after two years under the new rules had a more difficult time finding employment. Relative to other clients, clients in that group entered the labor force at a much slower pace or had difficulty finding employment, despite strong economic conditions that prevailed during that period.



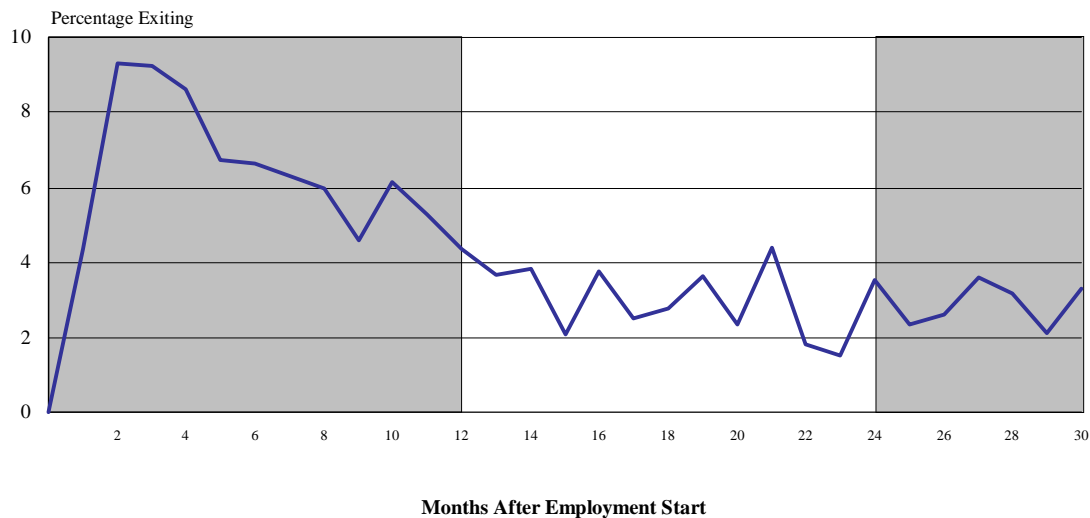
- *Many WFNJ clients who find jobs lose them. Rates of job loss are particularly high during the first six months after job start.*

Although most WFNJ clients found jobs, a high fraction lost them. Three-quarters of those who found jobs had experienced a period of nonemployment two to three years after they started work (Figure IV.2).¹ For most, job loss occurred during the first year after the start of employment. Rates of job loss were the highest during the first few months after job start—the time when clients are juggling new demands of the workplace, child care arrangements, and home life. In the early months after job start, almost 10 percent of employed clients were losing their jobs each month (Figure IV.3). Rates of job loss decreased the longer clients remained employed, and, by one year after job start, they stabilized at around three percent becoming unemployed each month. These findings are consistent with findings from other studies that have found that the rates of job loss to be highest during the early months (Rangarajan et al. 1998; and Rangarajan 1996). Therefore, programs considering providing job retention services for current and former TANF recipients should focus on clients who are in their first few months of a job, since this is when they are at highest risk of job loss.



¹Clients are identified as being nonemployed (or as having experienced “job loss”) if they did not hold a job for a period of at least one month.

FIGURE IV.3

MONTHLY EXIT RATES FROM EMPLOYMENT,
BY MONTH AFTER EMPLOYMENT START

Source: WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: Figures include only clients who were not employed at WFNJ entry. WFNJ entry pertains to the time the sample member first received cash assistance after New Jersey fully implemented WFNJ in July 1997. Clients are considered to have left employment if they were not employed for a period of at least one month.

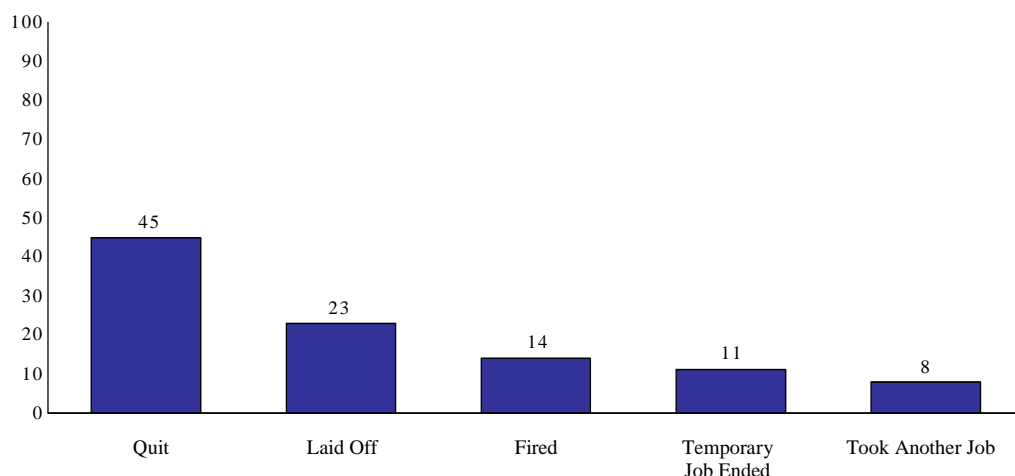
- ***Quitting is a particularly common reason why the jobs of WFNJ clients end. Although the reasons for quitting are often workplace related, many clients quit for reasons related to children, health, or other personal factors.***

Nearly half the clients who had experienced a job separation reported quitting their jobs, while only about one-third were laid off or were in a temporary job that ended (Figure IV.4). Among those who quit, just under half quit their jobs for a workplace-related reason, such as dislike of the work environment or the belief that the wages or benefits were inadequate (not shown). About one in three quit for a personal reason, such as a health problem, child care issue, or difficulty finding transportation. Those who quit their jobs and found other jobs were most likely to report a workplace-related reason for quitting their original job. In contrast, those who quit their jobs and were *not* employed at the time of the fourth survey were most likely to have quit for personal reasons, primarily a health problem. Only 14 percent of job separations among WFNJ clients occurred because clients were fired (Figure IV.4). Among those who were fired, the most common reason reported for their termination was absenteeism (accounting for about one in five of all firings). Other self-reported reasons for being fired were poor job performance and problems getting along with others on the job.

These findings suggest that programs attempting to help clients with job retention should focus on both workplace and personal issues that can lead to job loss. Many clients are unused to the world of work and therefore may be unfamiliar with appropriate workplace behavior. These clients may need training on what to expect in the work environment, as well as coaching about how to respond to problems. For those who quit for personal reasons, it is important for a job retention program to try to address these issues, since they may lead to prolonged periods of nonemployment and may present

FIGURE IV.4

SELF-REPORTED REASONS FOR SEPARATION FROM MOST RECENT JOB



Source: Fourth WFNJ client survey, conducted by Mathematica Policy Research, Inc.

Note: Sample includes only those clients who experienced a period of nonemployment after their initial job start.

challenges in subsequent jobs as well. Finally, people who quit their jobs typically are categorically ineligible for UI benefits, at least initially. Therefore, programs may want to educate clients about the importance of not quitting their jobs, so they will more easily be able to collect UI benefits if necessary.

- ***The majority of clients who lose jobs eventually find other jobs. However, it can take considerable time before they are reemployed.***

Although many clients lose their jobs, most subsequently find other jobs. For example, nearly 90 percent of those who had lost their jobs eventually found other ones over the two-year period following job loss (Figure IV.5). Most of those who subsequently found jobs did so within the first year after job loss. On average, it took about nine months for clients to become reemployed. These results are based on a period of very strong economic conditions, when jobs were more readily available than is typical. When economic conditions are weaker, as in the current economy, it is likely to take even longer for clients to become reemployed. Therefore, retention programs may also want to offer job search assistance to clients who lose their jobs, as well as services to help them deal with the underlying problems that led to job loss.

- ***The overall pattern is one of stable employment for some and cycling in and out of employment for many.***

Although most WFNJ clients find jobs, many have a difficult time remaining employed. Only 20 percent of WFNJ clients tracked by the study had been employed continuously since the time they found a job, while nearly 65 percent had experienced

FIGURE IV.5

PERCENTAGE OF CLIENTS WHO WERE REEMPLOYED,
BY MONTH AFTER END OF EMPLOYMENT SPELL



Source: WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

some period of nonemployment.² On average, WFNJ clients had about two employment spells during the four-and-a-half-year follow-up period (Figure IV.6).³ The number of job spells was considerably higher than the number of employment spells, suggesting that many clients move directly from one job to another without experiencing a job loss. About 3 in 10 of those who worked had held four or more jobs during the follow-up period. Moving from one job to another is not necessarily a bad strategy, especially if clients move into better jobs. In the last section of this chapter, we will compare the wage growth of those who stayed in the same job with the wage growth of those who switched jobs.

B. WHICH WFNJ CLIENTS ARE MOST LIKELY TO SUSTAIN EMPLOYMENT?

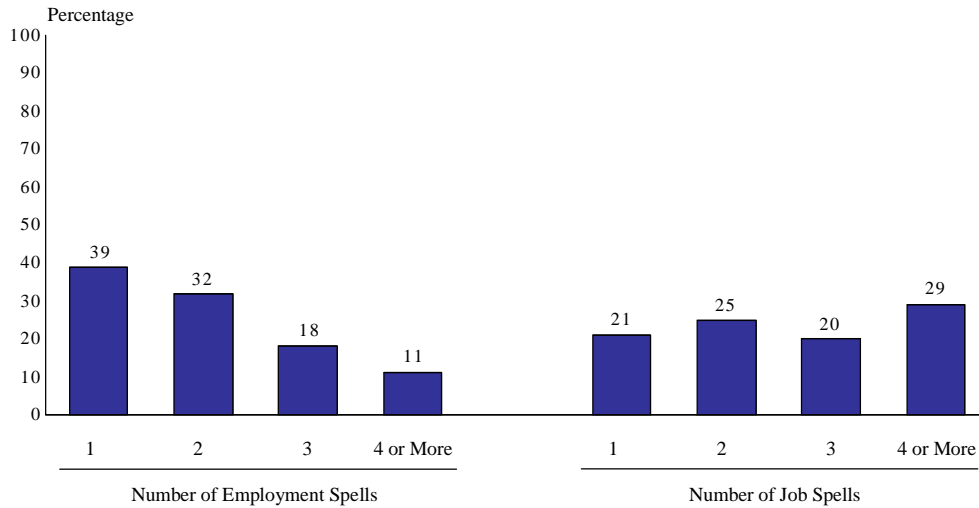
As discussed in the previous section, many WFNJ clients find jobs, but they have a hard time keeping them. Understanding the relationship between individual characteristics, job characteristics, and employment outcomes can help policymakers better understand issues related to job retention and can guide program operators who want to provide job retention services. Characteristics that are strong indicators of job loss will enable program staff to identify clients who are most likely to need additional services and supports.

²The remaining 15 percent were never employed during the follow-up period.

³An “employment spell” is defined as the number of months of employment in all sequential jobs with no breaks of more than one month between jobs. A “job spell” is defined as the number of continuous months in a particular job, regardless of whether or not a person moves from this job directly to another job.

FIGURE IV.6

NUMBER OF EMPLOYMENT AND JOB SPELLS OVER THE
FOUR-AND-A-HALF-YEAR PERIOD SINCE WFNJ ENTRY



Source: WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: Sample includes only those clients who ever held a job during the follow-up period.

- ***A number of demographic and human capital variables are strong predictors of which clients are able to find work quickly. These include age, education, work experience, health status, and age of the clients' children.***

A range of demographic and human capital variables predict which clients are able to find work quickly and, conversely, which clients will take longer to obtain employment. Those with poor health, those with young children, those who are married, and those who are older take much longer to find jobs than do similar clients without these characteristics. For example, among WFNJ clients who were not employed initially, the median time until job start was 20 months for clients with fair or poor health, and for those with infants in the household at the time of WFNJ entry, compared to 12 to 13 months for those in better health and for those with older children (Table IV.1). Similarly, those who had never worked in the two years before entering WFNJ and those who did not have a high school diploma were likely to take substantially longer to find jobs than were similar clients with more education and more work experience. Clients with characteristics associated with taking longer to find employment may require additional assistance finding work. However, the specific assistance needed will vary depending on the clients' risk factors. For example, clients who have no recent work experience may need job search assistance and workplace skills training on what to expect on the job, and on how to cope with the world of work. In contrast, those with infants may need help finding reliable, affordable child care.

TABLE IV.1

TIME FROM WFNJ ENTRY UNTIL EMPLOYMENT START, BY CLIENT CHARACTERISTICS

	Percentage with Characteristic	Median Time Until Employment Start (in Months)
Overall	100	14
Age at WFNJ Entry (in Years)		
<i>Younger than 20</i>	12	8
20 to 24	23	12***
25 to 29	18	14***
30 to 34	17	15***
35 to 39	15	17***
40 or older	15	28***
Race/Ethnicity		
<i>African American</i>	46	14
Hispanic	27	14
White/other	27	15
Education at WFNJ Entry		
<i>Less than high school</i>	41	17
High school only	44	13***
More than high school	15	12***
Months on AFDC in Two Years Prior to WFNJ Entry		
<i>None</i>	28	12
1 to 12	20	13
13 to 23	28	15***
24	24	16***
Work Experience in Two Years Prior to WFNJ Entry		
<i>Did not work at all</i>	47	19
Worked in 1 to 3 quarters	27	13***
Worked in 4 or more quarters	26	11***
Marital Status at WFNJ Entry		
<i>Never married</i>	63	14
Formerly married	31	13
Married, spouse present	3	25***
Number of Children at WFNJ Entry		
1	46	15
2	29	15
3	16	14
4 or more	9	9***
Age of Youngest Child at WFNJ Entry (in Years)		
<i>Younger than 1</i>	24	20
1 to 2	21	13***
3 to 5	24	13***
6 or older	31	12***
County of Residence ^a		
<i>Low density</i>	26	13
Medium density	29	13
High density	45	15**
Poverty Level of Neighborhood ^b		
<i>Low</i>	28	12
Medium	37	15**
High	35	15*
Usually Had Fair/Poor Health in Past Five Years ^c		
<i>No</i>	71	13
Yes	23	20***
Sample Size = 1,235		

TABLE IV.1 (continued)

Source: WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: The estimates of the time until employment start presented here are based on the results from estimating a discrete hazard model using a logistic regression. They represent the predicted number of months in which half the clients who have the particular characteristic in the table (but who otherwise have the average characteristics of all clients) will become employed. In addition to the client characteristics listed in this table, the model included and controlled for clients' sex, whether they spoke English at home, whether they grew up in a two-parent family, and whether they received welfare while growing up.

Tests of statistical significance reported here refer to the difference between the predicted median time until employment start for clients with the particular characteristic and the predicted median for those in the reference category in each group. For each characteristic, the reference category is indicated by italics. For example, for the characteristic "age," the reference category is "Younger than 20," and all significance tests compare the predicted median time until employment for those in a particular age category to the value for those who are younger than 20.

^aCounty categories defined in footnote a of Table I.2.

^bMeasure defined in footnote b of Table I.2.

^cClients who reported fair or poor health for at least three of the four surveys are classified as usually having fair/poor health. Percentages in each category do not sum to 100 percent because of missing data.

AFDC = Aid to Families with Dependent Children.

*/**/*** Difference between the predicted median time until employment for clients with this characteristic and for those in the reference category (indicated in italics) significant at the .10/.05/.01 level.

- ***Demographic and human capital factors are somewhat less important in determining who is able to retain employment, while initial job-related characteristics are stronger predictors of job retention.***

Some demographic and human capital factors are good predictors of which clients are most successful at maintaining employment. For example, those with more education and more work experience prior to entering WFNJ are more likely to remain employed (Table IV.2). Similarly, clients living in smaller, less urban counties are more likely to maintain employment. Married clients and older clients are less likely to find employment quickly than are unmarried clients and younger clients; however, once employed, they are more likely to sustain employment. In general, however, these client characteristics are less closely associated with how long clients maintain employment than they are with how quickly clients find their first post-WFNJ jobs.

Once a client has found a job, initial job characteristics are stronger predictors of employment retention.⁴ In general, those who have better jobs are more likely to keep them. For example, those in jobs with higher wages were considerably more likely to retain employment (Table IV.2). The median employment spell length was 18 months for those who earned more than \$10 an hour, compared to 9 to 10 months for those whose starting wage was less than \$8 an hour. Similarly, those who obtained jobs that offered health insurance coverage had median employment spells of 14 months, compared to only 10 months for similar clients with jobs that did not offer these benefits.

⁴These findings are broadly consistent with findings of other studies that have used national data, and that have found initial job characteristics to be good predictors of job retention (Rangarajan et al. 1998).

TABLE IV.2

TIME FROM START OF FIRST POST-WFNJ ENTRY JOB UNTIL JOB LOSS,
BY CLIENT AND JOB CHARACTERISTICS

	Percentage with Characteristic	Median Time Until Job Loss (in Months)
Overall	100	11
Client Characteristics		
Age at WFNJ Entry (in Years)		
<i>Younger than 20</i>	15	9
20 to 24	26	11
25 to 29	20	12**
30 to 34	17	12**
35 to 39	14	12*
40 or older	8	18***
Race/Ethnicity		
<i>African American</i>	53	11
Hispanic	23	12
White/other	24	12*
Education at WFNJ Entry		
<i>Less than high school</i>	38	10
High school only	47	12**
More than high school	15	13**
Months on AFDC in Two Years Prior to WFNJ Entry		
<i>None</i>	27	11
1 to 12	23	11
13 to 23	30	11
24	20	13
Work Experience in Two Years Prior to WFNJ Entry		
<i>Did not work at all</i>	38	11
Worked in 1 to 3 quarters	31	11
Worked in 4 or more quarters	31	12**
Marital Status at WFNJ Entry		
<i>Never married</i>	70	11
Formerly married	26	12
Married, spouse present	4	15*
Number of Children at WFNJ Entry		
1	49	11
2	26	12
3	17	11
4 or more	8	12
Age of Youngest Child at WFNJ Entry (in Years)		
<i>Younger than 1</i>	25	10
1 to 2	23	12*
3 to 5	25	11
6 or older	27	12
County of Residence ^a		
<i>Low density</i>	28	13
Medium density	29	11**
High density	43	11*
Poverty Level of Neighborhood ^b		
<i>Low</i>	29	11
Medium	36	11
High	35	12
Usually had Fair/Poor Health in Past Five Years ^c		
<i>No</i>	81	11
Yes	16	11

TABLE IV.2 (continued)

	Percentage with Characteristic	Median Time Until Job Loss (in Months)
Job Characteristics at Start of Spell		
Hourly Wages (in 2002 Dollars)		
<i>Less than \$6</i>	20	9
\$6 to \$8	41	10
\$8 to \$10	23	14***
\$10 or more	16	18***
Hours Worked per Week		
<i>Fewer than 20</i>	9	11
20 to 34	31	12*
35 to 39	9	11
More than 40	51	11
Health Insurance Available on Job		
<i>No</i>	60	10
Yes	40	13***
Commuting Method		
<i>Takes public transportation</i>	46	10
Drive own car	26	14***
Gets ride	16	11
Other	12	11
Commute Time		
<i>Less than 30 minutes</i>	50	11
30 to 59 minutes	31	12
60 or more minutes	19	11
Temporary Agency		
<i>No</i>	88	12
Yes	12	9**
Seasonal Employment		
<i>No</i>	66	13
Yes	34	8***
Shift Worked		
<i>Regular</i>	67	11
Other	33	11
Child Care Arrangement		
<i>Relative care</i>	41	10
Nonrelative care	13	12
Day care	23	12**
Other care	15	12
Multiple arrangement	8	14***
Sample Size = 2,439 Employment Spells		

Source: WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: The estimates of the time until job loss presented here are based on the results from estimating a discrete hazard model using a logistic regression. They represent the predicted number of months in which half the clients who have the particular characteristic in the table (but who otherwise have the average characteristics of all clients) will experience a job loss. Clients are considered to have experienced a job loss if they did not hold a job for a period of at least one month. In addition to the client and job characteristics listed in this table, the model included and controlled for clients' sex, whether they spoke English at home, whether they grew up in a two-parent family, and whether they received welfare while growing up.

Tests of statistical significance reported here refer to the difference between the predicted median time until job loss for clients with the particular characteristic and the predicted median for those in the reference category in each group. For each characteristic, the reference category is indicated by italics. For example, for the characteristic "age," the reference category is "Younger than 20," and all significance tests compare the predicted median time until job loss for those in a particular age category to the value for those who are younger than 20.

^aCounty categories defined in footnote a of Table I.2.

^bMeasure defined in footnote b of Table I.2.

^cClients who reported fair or poor health for at least three of the four surveys are classified as usually having fair/poor health. Percentages in each category do not sum to 100 percent because of missing data.

AFDC = Aid to Families with Dependent Children.

*/**/** Differences between the predicted mean time until job loss for clients with this characteristic and for those in the reference category (indicated in italics) significant at the .10/.05/.01 level.

Clients who drove their own cars to work were substantially more likely to maintain employment than other clients. Their median employment spell length was 14 months, compared to 10 to 11 months for those using other commuting methods (Table IV.2). This difference may suggest that having a car makes it easier for clients to get to work and thus increases their likelihood of maintaining employment. Alternatively, it could suggest that clients who own cars have characteristics that make them more likely than other clients to maintain employment, even if they did not use their cars to get to work. For example, clients who own cars and can make monthly car payments may be more dependable or stable than other clients. Whatever the reason for this relationship, it suggests that employment retention programs that want to target services to clients who are most at risk of job loss may want to screen out clients who own a car. We also find that clients who rely on relatives for child care are at greater risk of job loss than are those relying on other arrangements. Clients who rely on relatives may therefore be appropriate ones to target for employment retention services.

- ***Few factors are good predictors of reemployment.***

In contrast to how quickly clients get jobs and how successfully they maintain employment, few factors can predict well who becomes reemployed quickly after job loss. Those with higher education levels and more work experience are more likely to get reemployed quickly. However, the difference in the median time until reemployment was only one to two months across the different education and employment history categories (Table IV.3). Those who returned to TANF after job loss were also somewhat more likely to take longer to become reemployed. Given both how long it takes most clients to become reemployed after job loss and the absence of strong predictors of reemployment, programs offering job search assistance may want to offer services to all clients who lose their jobs. Programs may also want to pay special attention to clients who lost their jobs and returned to TANF. Program staff can more easily reach these clients than those who do not return to TANF. Furthermore, the ones who return to TANF are at higher risk of having difficulty getting reemployed.

C. HOW MUCH WAGE GROWTH DO WFNJ CLIENTS EXPERIENCE?

Knowing the extent of wage growth that employed WFNJ clients experience can help state and county policymakers and program staff shape the focus of employment-oriented strategies. If welfare recipients who find jobs experience substantial wage growth over time, either because of progression in the same job or a move to a better one, then employment by itself will lead to job advancement. Conversely, if welfare recipients continue to move in and out of low-wage jobs, then programs may want to focus on job advancement strategies. We examined the extent to which employed clients experienced growth in wages and earnings over time. For this analysis, we restricted the sample to those who reported working in the period covered by the first and the fourth interviews, which represents just over half of all WFNJ clients in this sample. We examine the growth in wages and earnings from the first employment since WFNJ entry to the current or most recent employment (in either the same job or any job). The

TABLE IV.3

TIME FROM JOB LOSS UNTIL REEMPLOYMENT, BY CLIENT CHARACTERISTICS

	Percentage with Characteristic	Median Time Until Reemployment (in Months)
Overall	100	8
Age at WFNJ Entry (in Years)		
<i>Younger than 20</i>	17	6
20 to 24	26	7*
25 to 29	20	9***
30 to 34	17	10***
35 to 39	13	8**
40 or older	7	12***
Race/Ethnicity		
<i>African American</i>	54	7
Hispanic	23	9*
White/other	23	9***
Education at WFNJ Entry		
<i>Less than high school</i>	41	9
High school only	45	8***
More than high school	14	7**
Months on AFDC in Two Years Prior to WFNJ Entry		
<i>None</i>	26	8
1 to 12	25	9
13 to 23	30	8
24	19	8
Work Experience in Two Years Prior to WFNJ Entry		
<i>Did not work at all</i>	37	9
Worked in 1 to 3 quarters	32	8**
Worked in 4 or more quarters	31	8**
Marital Status at WFNJ Entry		
<i>Never married</i>	73	8
Formerly married	24	8
Married, spouse present	3	7
Number of Children at WFNJ Entry		
1	50	8
2	25	8
3	17	7*
4 or more	8	8
Age of Youngest Child at WFNJ Entry (in Years)		
<i>Younger than 1</i>	27	8
1 to 2	23	9
3 to 5	24	8
6 or older	26	7
County of Residence ^a		
<i>Low density</i>	28	8
Medium density	29	8
High density	43	8
Poverty Level of Neighborhood ^b		
<i>Low</i>	29	8
Medium	36	8
High	35	8
Usually Had Fair/Poor Health in Past Five Years ^c		
<i>No</i>	81	8
Yes	16	10***
Received TANF After Employment Exit		
<i>No</i>	53	7
Yes	47	10***
Sample Size = 1,858 Nonemployment Spells		

TABLE IV.3 (continued)

Source: WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: The estimates of the time until reemployment presented here are based on the results from estimating a discrete hazard model using a logistic regression. They represent the predicted number of months in which half the clients who have the particular characteristic in the table (but who otherwise have the average characteristics of all clients) will become reemployed after a job loss. Clients are considered to have experienced a job loss if they did not hold a job for a period of at least one month. In addition to the client characteristics listed in this table, the model included and controlled for clients' sex, whether they spoke English at home, whether they grew up in a two-parent family, and whether they received welfare while growing up.

Tests of statistical significance reported here refer to the difference between the predicted median time until reemployment for clients with the particular characteristic and the predicted median for those in the reference category in each group. For each characteristic, the reference category is indicated by italics. For example, for the characteristic "age," the reference category is "Younger than 20" and all significance tests compare the predicted median time until reemployment for those in a particular age category to the value for those who are younger than 20.

^aCounty categories defined in footnote a of Table I.2.

^bMeasure defined in footnote b of Table I.2.

^cClients who reported fair or poor health for at least three of the four surveys are classified as usually having fair/poor health. Percentages in each category do not sum to 100 percent because of missing data.

AFDC = Aid to Families with Dependent Children; TANF = Temporary Assistance for Needy Families.

*/**/** Difference between the predicted median time until reemployment for clients with this characteristic and for those in the reference category (indicated in italics) significant at the .10/.05/.01 level.

average length of time between the beginning and end of the employment periods is about 40 months. Because we can examine wages only for those who held jobs in the first and fourth years, the findings on wage growth may present a best-case scenario. Clients who may have worked but not held jobs in both periods may be somewhat more disadvantaged and may experience less wage growth.⁵

- ***WFNJ clients are moving into better jobs over time. On average, they experience substantial increases in wages and earnings over the three-year period after employment start.***

Employed WFNJ clients as a group experienced substantial increases in their earnings over the three-year period after starting their first post-WFNJ entry job. Among all employed clients, average monthly earnings increased from \$1,176 to \$1,500 three years later, an increase of 28 percent, after adjusting for inflation (Table IV.4). Most of the increase in monthly earnings was due to increases in hourly wages over time. Adjusting for inflation, average hourly wages increased 21 percent, from just under \$8 an hour to \$9.60 an hour. Average hours worked per week also increased, from 34 hours per week to 36 hours per week. Over time, WFNJ clients were also more likely to be in jobs that offered fringe benefits. Just under 4 in 10 clients were in jobs that offered fringe benefits at the beginning of the follow-up period, compared to 6 in 10 three years later—an increase of more than 50 percent.

⁵We compared the characteristics of clients who were employed in both periods and the characteristics of clients who were not. We found that those employed in both periods were somewhat more likely to have more than a high school education and were more likely to have worked prior to entering WFNJ. However, the differences were not large.

TABLE IV.4			
CHARACTERISTICS OF JOBS HELD IN THE FIRST AND FOURTH YEARS AFTER WFNJ ENTRY			
	First Year	Fourth Year	Growth (Percentage)
Average Hourly Wage (in 2002 Dollars)	\$7.94	\$9.60	21
Average Hours Worked per Week	33.6	36.0	7
Average Monthly Earnings (in 2002 Dollars)	\$1,176	\$1,500	28
Percentage Offering Fringe Benefits	39	60	53
Sample Size = 638			
Source: First and fourth WFNJ client surveys, conducted by Mathematica Policy Research, Inc.			
Note: Sample includes only those clients who were employed at some time during the first and fourth years after WFNJ entry.			

- *However, considerable variation exists in the extent to which clients experience wage changes. Some experience large increases, while some experience reductions.*

Some clients experienced considerable increases in their earnings and wages over the three-year period. Overall, two-thirds of the clients had experienced an increase in earnings. Moreover, nearly 40 percent of employed clients had experienced an increase in earnings over this period of more than 50 percent, and half experienced an increase of more than 25 percent (Table IV.5).

While most clients experienced an increase in earnings and hourly wages, nearly one-third experienced a reduction in earnings over this period (Table IV.5). Similarly, about 3 in 10 experienced a decline in their hourly wages, after adjusting for inflation. The magnitude of earnings and, particularly, of wage reductions were generally small (not shown).

- *Clients with very low wages initially were the most likely to experience wage gains. Younger, more educated clients and those living in more urban and more affluent areas were also more likely to experience gains.*

The finding that a considerable minority of clients experience reduction in wages over time suggests that not all employment leads to higher earnings. Therefore, job advancement strategies may be necessary to help move some clients into higher-paying jobs. Here we present findings from our multivariate analysis of the wage growth patterns of WFNJ clients.

We find that the starting wage is the strongest predictor of which clients experience wage growth, with those having a very low wage in their initial job the most likely to experience wage growth over the follow-up period. Among clients who initially made less than \$6 an hour, 90 percent were earning a higher wage three years later (Table IV.6). In contrast, among similar clients who initially earned more than \$10 an hour, only 48 percent had a higher wage at the end of this period. We also find that those who remained in the same job throughout the follow-up period were more likely to

TABLE IV.5

GROWTH IN WAGES AND EARNINGS AMONG WFNJ CLIENTS
BETWEEN THE FIRST AND FOURTH YEARS AFTER WFNJ ENTRY
(Percentages)

	Hourly Wages	Hours Worked per Week	Monthly Earnings
Experienced an Increase	71	44	68
Of 1 to 10 percent	13	1	8
Of 11 to 25 percent	16	11	10
Of 26 to 50 percent	19	11	12
Of more than 50 percent	23	21	38
Experienced No Change	0	26	0
Experienced a Decrease	29	30	32
Of 1 to 10 percent	12	1	7
Of 11 to 25 percent	9	12	7
Of 26 to 50 percent	6	12	10
Of more than 50 percent	2	5	8

Sample Size = 638

Source: First and fourth WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: Sample includes only those clients who were employed at some time during the first and fourth years after WFNJ entry.

experience wage growth, while those who obtained their initial job through a temporary agency and those who had worse health were less likely to be earning more at the end of the period. The latter factors may be proxies for having been employed continuously (or having not been employed continuously in the case of clients employed through temporary agencies or in the case of clients having poor health). If they are proxies, they may indicate simply that clients who were employed continuously were more likely to experience wage growth. Clients who used daycare centers were also more likely to experience wage growth than were those who used other child care arrangements.

Several client characteristics are good predictors of who will experience wage growth. Clients who entered WFNJ when they were younger and with more education were significantly more likely than other clients to have a wage increase over the follow-up period (Table IV.6). Conversely, those with fair or poor health were significantly less likely to have higher wages at the end of the period. Finally, clients living in low-poverty neighborhoods and in larger, more urban counties were significantly more likely to experience wage growth. The latter result suggests that economic opportunities are better for clients in urban areas than for clients in other parts of the state. Job advancement services may therefore be most needed by clients living in very poor areas of the state, as well as by those living in smaller, less densely populated counties.

The findings from our analysis of wage growth suggest that much of the overall growth experienced by WFNJ clients occurred because extremely low-wage workers moved into somewhat higher-wage jobs. For this reason, even after substantial wage growth, average wages remained at levels that would yield, for a full-time worker, an annual salary only slightly above the poverty threshold for a family of three. Therefore, programs that offer education or training services to employed current and former TANF recipients (such as the career advancement vouchers offered by NJDHS) may be a useful strategy. Because juggling work and home life is challenging enough for these workers, education or training programs must be tailored to fit into their lives in a realistic manner.

TABLE IV.6

PROBABILITY OF EXPERIENCING WAGE GROWTH BETWEEN THE FIRST AND FOURTH YEARS
AFTER WFNJ ENTRY, BY CLIENT AND INITIAL JOB CHARACTERISTICS
(Those Employed in First and Fourth Years Only)

	Percentage with Characteristic	Predicted Probability of Experiencing Wage Growth
Overall	100	71
Client Characteristics		
Age at WFNJ Entry (in Years)		
<i>Younger than 24</i>	31	79
25 to 29	21	74
30 to 34	20	61***
35 to 39	14	67*
40 or older	13	65*
Race/Ethnicity		
<i>African American</i>	51	75
Hispanic	21	69
White/other	28	65**
Education at WFNJ Entry		
<i>Less than high school</i>	31	67
High school only	51	71
More than high school	18	79**
Months on AFDC in Two Years Prior to WFNJ Entry		
<i>None</i>	32	75
1 to 12	26	67*
13 to 23	27	71
24	15	70
Work Experience in Two Years Prior to WFNJ Entry		
<i>Did not work at all</i>	28	70
Worked in 1 to 3 quarters	29	67
Worked in 4 or more quarters	43	74
Marital Status at WFNJ Entry		
<i>Never married</i>	68	69
Formerly married	27	74
Married, spouse present	5	83
Number of Children at WFNJ Entry		
1	49	71
2	27	77
3	15	66**
4 or more	9	65
Age of Youngest Child at WFNJ Entry (in Years)		
<i>Younger than 1</i>	23	63
1 to 2	25	70
3 to 5	26	76**
6 or older	26	73
County of Residence ^a		
<i>Low density</i>	31	64
Medium density	31	69
High density	38	77***
Poverty Level of Neighborhood ^b		
<i>Low</i>	33	75
Medium	34	72
High	33	65***
Usually Had Fair/Poor Health in Past Five Years ^c		
<i>No</i>	87	72
Yes	12	60***

TABLE IV.6 (continued)

	Percentage with Characteristic	Predicted Probability of Experiencing Wage Growth
Characteristics of Initial Job		
Hourly Wages (in 2002 Dollars)		
<i>Less than \$6</i>	23	90
\$6 to \$8	34	75***
\$8 to \$10	26	61***
\$10 or more	17	48***
Hours per Week		
<i>Less than 20</i>	11	66
20 to 34	32	70
35 to 39	9	64
More than 40	48	73
Health Insurance Available on Job		
<i>No</i>	62	70
Yes	38	72
Commuting Method		
<i>Takes public transportation</i>	48	72
Drives own car	28	71
Gets ride	16	66
Other	8	70
Commute Time		
<i>Less than 30 minutes</i>	50	71
30 to 59 minutes	32	73
60 or more minutes	18	69
Temporary Agency		
<i>No</i>	89	73
Yes	11	55***
Seasonal Employment		
<i>No</i>	63	69
Yes	37	75
Shift Worked		
<i>Regular</i>	61	73
Other	39	70
Child Care Arrangement		
<i>Relative care</i>	41	67
Nonrelative care	14	70
Day care	27	79***
Other care	11	68
Multiple arrangement	7	69
Employed in Same Job		
<i>No</i>	85	69
Yes	15	79**
Sample Size = 638		

Source: WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: The predicted probabilities presented here are based on the results from estimating a logistic regression model. They represent likelihood of experiencing wage growth for a client who has the particular characteristic in the table but who otherwise has the average characteristics of all clients. In addition to the client and job characteristics listed in this table, the model included and controlled for clients' sex, whether they spoke English at home, whether they grew up in a two-parent family, and whether they received welfare while growing up.

Tests of statistical significance reported here refer to the difference between the predicted probability for clients with the particular characteristic and the predicted probability for those in the reference category in each group. For each characteristic, the reference category is indicated by italics. For example, for the characteristic "age," the reference category is "Younger than 20" and all significance tests compare the predicted probability for those in a particular age category to the value for those who are younger than 20.

^aCounty categories defined in footnote a of Table I.2.

^bMeasure defined in footnote b of Table I.2.

^cClients who reported fair or poor health for at least three of the four surveys are classified as usually having fair/poor health. Percentages in each category do not sum to 100 percent because of missing data.

AFDC = Aid to Families with Dependent Children.

*/**/** Difference between the predicted probability of experiencing wage growth for clients with this characteristic and for those in the reference category (indicated in italics) significant at the .10/.05/.01 level.

V

TANF RECEIPT AND TIME LIMITS

A central focus of WFNJ is to use work requirements and time limits to encourage welfare recipients to leave cash assistance and become self-sufficient. As discussed in previous chapters, many in this early group of WFNJ clients tracked by the study left welfare and found employment during the four to five years after they entered the program. However, some remained on cash assistance during much of this period, while others exited TANF but then returned.

In this chapter, to better understand the challenges that keep WFNJ clients from successfully leaving cash assistance, we study both the patterns of welfare receipt and the characteristics of clients that are related to their ability to leave TANF. If we can identify which clients are having difficulty leaving welfare, resources can be more efficiently targeted to those who need the most help. Furthermore, as some clients begin to approach their lifetime limit on cash assistance, it is important to understand what these longer-term clients worry might happen if they were to lose their benefits, how they plan to cope if their benefits end, and whether their plans are realistic. This chapter also examines these issues.

A. WHAT ARE WFNJ CLIENTS' PATTERNS OF TANF RECEIPT?

We begin this analysis with a simple description of patterns of TANF receipt among this early group of WFNJ clients. We look at how quickly they exit TANF, how quickly those who exit return to cash assistance, and how common it is for these clients to cycle on and off welfare.

KEY FINDINGS FROM THIS CHAPTER

- ***Within four years of program entry, most WFNJ clients have left welfare and not come back.*** However, 4 in 10 cycled on and off welfare during that period.
- ***The most disadvantaged clients stay on welfare the longest.*** Clients with less work experience, those who live in high-poverty and densely populated areas, those who have less than a high school degree, and those who have worse health spend significantly more time on TANF than those living in more favorable circumstances.
- ***Most longer-term clients who are nearing their time limits expect to get a job if they lose their benefits.*** However, this may not be realistic for many. These clients are significantly more disadvantaged than those who have managed to leave welfare and find work.

- *Most WFNJ clients leave welfare fairly quickly, but some return to cash assistance.*

Most WFNJ clients exit TANF quickly. Within 12 months of initial entry, about 60 percent of clients have left welfare. After the first year, however, the pace of exits from welfare slows considerably. Nevertheless, more than 90 percent of clients have left welfare at least once within four years of initial entry (Figure V.1).

However, many of these TANF exits are not permanent. About 40 percent of those who exit welfare return to welfare, if only briefly, within four years (Figure V.2). Clients are at the greatest risk of returning to welfare in the first 12 months after exiting. About three-quarters of all returns to welfare occur within the first 12 months.

- *Most clients are no longer receiving TANF four to five years after entering the program. Even so, many cycle on and off welfare.*

Almost five years after entering WFNJ, just over 1 in 10 clients are on TANF, but many have had multiple welfare spells over this period (Figure V.3). Although 58 percent of clients have left TANF without returning, 40 percent have multiple spells on TANF. This pattern suggests that some clients may face greater difficulties than others in leaving TANF.

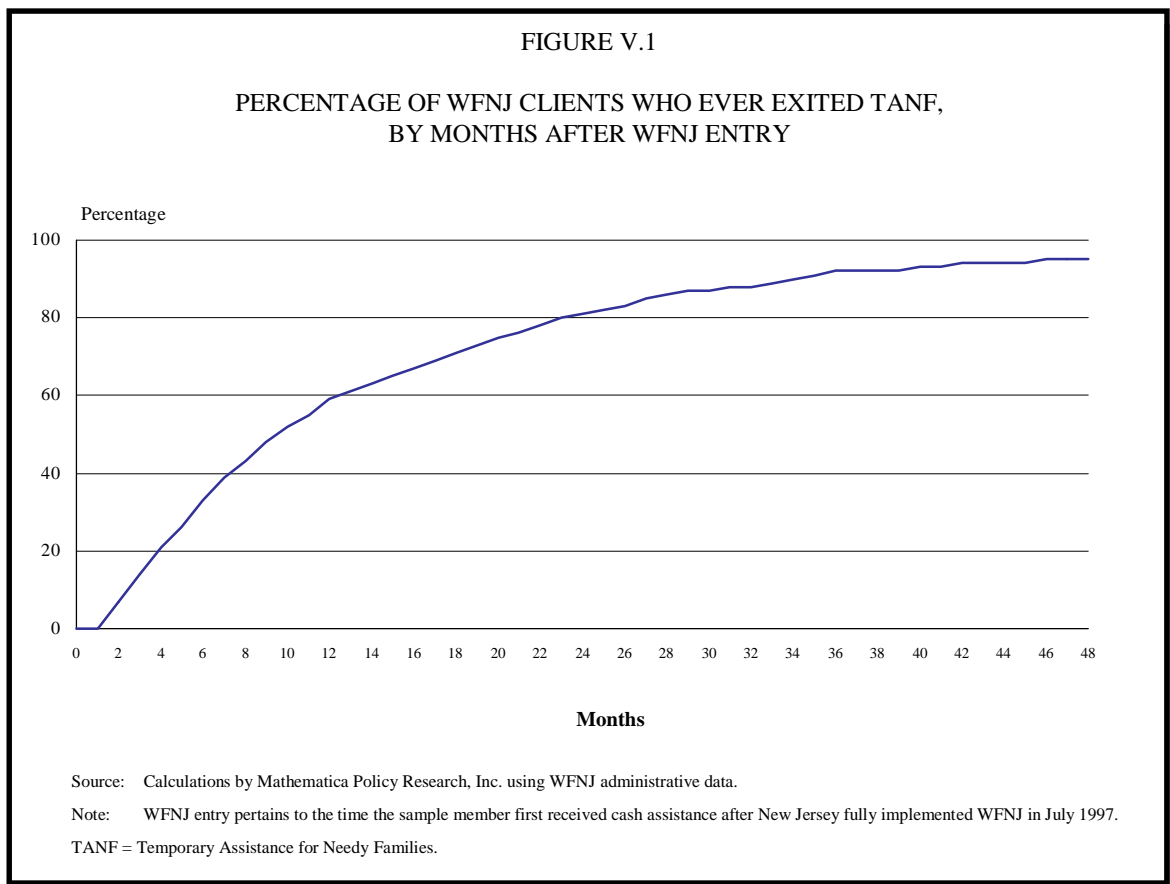
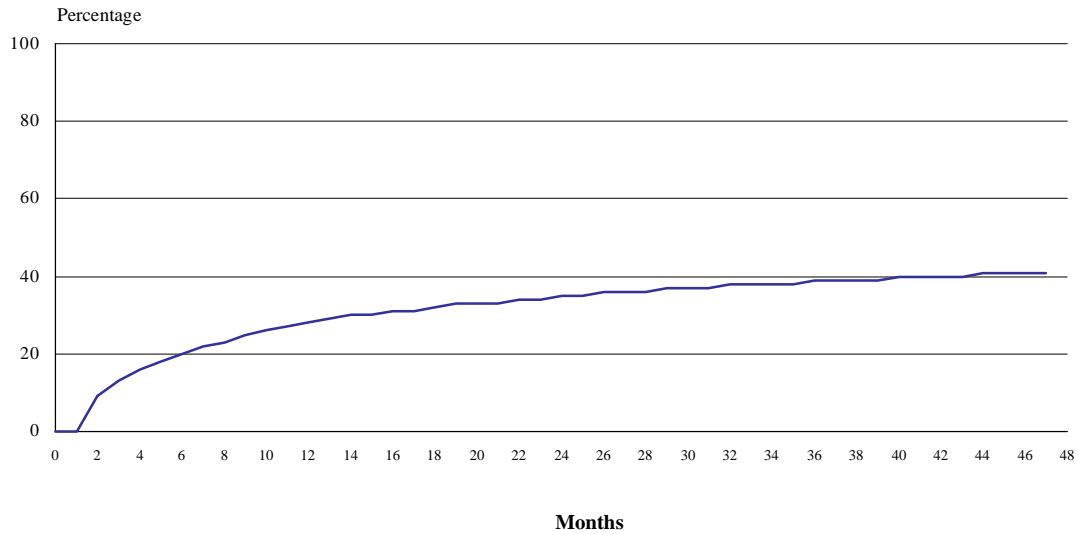


FIGURE V.2

PERCENTAGE WHO RETURNED TO TANF, BY MONTH AFTER TANF EXIT



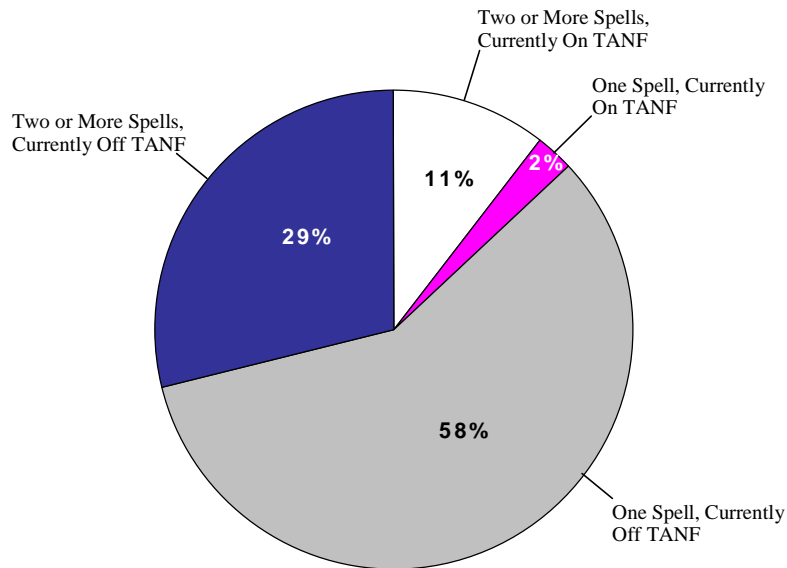
Source: Calculations by Mathematica Policy Research, Inc. using WFNJ administrative data.

Note: WFNJ entry pertains to the time the sample member first received cash assistance after New Jersey fully implemented WFNJ in July 1997.

TANF = Temporary Assistance for Needy Families.

FIGURE V.3

PATTERNS OF TANF RECEIPT SINCE WFNJ ENTRY



Source: Calculations by Mathematica Policy Research, Inc. using WFNJ administrative data.

Note: Percentages refer to TANF status as of August 2002. WFNJ entry pertains to the time the sample member first received cash assistance after New Jersey fully implemented WFNJ in July 1997.

TANF = Temporary Assistance for Needy Families.

B. WHICH CLIENTS STAY ON TANF THE LONGEST?

As discussed in the previous section, some clients are slow to leave welfare and some are unable to stay off of welfare. We now look at who these clients are by studying how past welfare use, poverty level and population density of one's neighborhood, and one's health and education relate to TANF use. Specifically, we investigate how these factors relate to the probability of leaving TANF, the probability of returning, and the total number of months on TANF.¹ By identifying which clients stay on TANF longest, we can better understand the challenges that impede some clients' progress in leaving welfare so that services can be better targeted toward the people who need them most.

- *Clients with more past work experience and less time on welfare prior to entering WFNJ are quickest to leave and spend less time on TANF overall.*

Not surprisingly, clients' pre-WFNJ welfare and employment histories are good predictors of whether they will leave TANF and not return. Two-thirds of clients who were never on welfare in the two years before they entered WFNJ leave TANF within 12 months, compared to less than half of clients who were on welfare continuously in the two years before WFNJ entry. Furthermore, clients who were never on welfare in the period immediately prior to WFNJ entry average nearly five fewer months on TANF during the four years after entering the program than those who received welfare continuously during the pre-WFNJ entry period (Table V.1).

A similar relationship exists between time on TANF and employment. Two-thirds of clients who were employed continuously in the two years before they entered WFNJ left TANF within 12 months, compared to about half of those who were never employed. In addition, clients who never worked in the two years prior to entering the program averaged nearly five more months on TANF during the four years after WFNJ entry than those who were always employed during this period (Table V.1).

- *Clients who live in poor neighborhoods and large urban counties are slower to leave initially and spend more time on TANF overall.*

Clients living in poor and densely populated areas are less likely to leave TANF within 12 months of entry than clients living in wealthier, less crowded areas. More than two-thirds of clients living in low-density counties leave welfare within 12 months of entry, compared to only half of those living in high-density counties. Similarly, 63 percent of clients living in low-poverty neighborhoods leave welfare after 12 months, compared to 53 percent of clients living in high-poverty neighborhoods.

The relationship between living in a high-density county and the likelihood of exiting welfare in 12 months may be due to more pervasive poverty or to slower adoption

¹Table V.1 contains all of the results for this section. The values in this table are all regression adjusted, taking into account the other variables in the table, as well as several not shown, including age, race, sex, whether received welfare growing up, whether lived in two-parent household growing up, whether English is spoken at home, number of children under 18 living at home, and the age of the youngest child in the household. These other variables were not included in the table because they are not significantly related to time on welfare. Because these results are based on multivariate regression analysis, the effects of these factors are additive.

TABLE V.1
PROBABILITY OF LEAVING AND RETURNING TO TANF AND TOTAL TIME ON TANF,
BY CLIENT CHARACTERISTICS

Characteristic	Percentage with Characteristic	Probability of Leaving TANF Within 12 Months	Probability of Returning to TANF Within 24 Months	Average Months on TANF ^a
Overall	100	56	35	19
Months on AFDC in Two Years Prior to WFNJ Entry				
<i>None</i>	20	67	30	17
1 to 12	22	62	39**	18
13 to 23	29	59**	39**	18
24	30	47***	30	22***
Work Experience in Two Years Prior to WFNJ Entry				
<i>Did not work at all</i>	43	51	30	21
Worked in 1 to 3 quarters	27	59***	37**	19**
Worked in 4 or more quarters	26	68***	39**	16***
County of Residence				
<i>Low density</i>	20	68	39	15
Medium density	29	63	34	18***
High density	51	50***	34	21***
Poverty Level of Neighborhood ^b				
<i>Low</i>	27	63	38	17
Medium	36	57**	31*	19
High	37	53***	37	20***
Education at WFNJ Entry				
<i>Less than high school</i>	40	57	43	20
High school only	44	58	33***	18***
More than high school	17	57	24***	17***
Usually Had Fair/Poor Health in Past Five Years ^c				
<i>No</i>	78	57	34	18
Yes	22	55	44***	22***
Household Member on SSI at WFNJ Entry				
<i>No</i>	91	58	35	19
Yes	9	53	41	22***
Marital Status at WFNJ Entry				
<i>Never married</i>	65	57	38	20
Formerly married	29	57	30**	18**
Married spouse present	6	68**	28	16***
Reason Initially Left TANF ^d				
<i>Employment</i>	50		30	
Sanctioned	15		52***	
Other reason	15		31	
Sample Size	1,885	1,885	1,161	1,885

Source: WFNJ administrative records data and WFNJ client surveys conducted by Mathematica Policy Research, Inc.

Note: Numbers reported are mean predicted outcomes, regression-adjusted for the other characteristics in the table and some additional controls. Controls included in the regressions but not shown in the table are age, ethnicity, sex, whether received welfare when growing up, whether grew up in two-parent family, whether English is spoken at home, number of children under 18 in household, and age of youngest child in household. Logistic regression was used for columns 2 and 3, while a linear OLS regression was used for column 4.

Tests of statistical significance reported here refer to the difference between the predicted outcome for clients with a particular characteristic and the predicted outcome for those in the reference category for each group. For each group, the reference category is indicated by italics. For example, for the characteristic "county of residence" the reference category is "low density," and all significance tests compare the predicted outcome for the other county groups to the predicted outcome for those living in low-density counties.

TABLE V.1 (continued)

SSI = Supplemental Security Income; TANF = Temporary Assistance for Needy Families.

^aDuring first four years after WFNJ entry.

^bPoverty status of neighborhood defined based on five-digit zip-code area using data from the 2000 U.S. census. A "low" poverty neighborhood is one in which fewer than 10 percent of residents live below the poverty threshold; a "medium" poverty neighborhood is one in which 10 to 20 percent of residents live below the poverty threshold; and a "high" poverty neighborhood is one in which 20 percent or more of the residents live below poverty.

^cClients who reported fair or poor health for at least three of the four surveys are classified as usually having fair/poor health.

^dPercentages in each category do not sum to 100 percent because of missing data.

* Difference between the predicted probability or average number of months for clients with this characteristic and for those in the italicized reference category significant at the .10 level.

** Difference between the predicted probability or average number of months for clients with this characteristic and for those in the italicized reference category significant at the .05 level.

*** Difference between the predicted probability or average number of months for clients with this characteristic and for those in the italicized reference category significant at the .01 level.

of work requirements in these counties.² More pervasive poverty in high-density counties may suggest fewer job opportunities and longer job searches. Alternatively, clients in these counties might not have faced work requirements as early as clients in other counties, thereby reducing their incentive to find work earlier. Research conducted as part of the WFNJ Program Study suggests that some larger New Jersey counties were slower to implement TANF work requirements (Rosenberg et al. 2000).

Overall time on TANF is also related to county population density and neighborhood poverty levels. Clients living in high-density counties spend nearly seven more months on TANF in the four years after entering WFNJ than those living in low-density counties. Similarly, clients living in high-poverty neighborhoods spend nearly three more months on TANF than those living in low-poverty neighborhoods. Since these effects are additive, a client living in a high-poverty neighborhood in a high-density county can be expected to spend 10 more months on TANF in the four years after program entry than a client living in a low-poverty neighborhood in a low-density county.

- ***Better-educated, healthier clients spend less time on TANF and are less likely to return to welfare.***

Although clients' educational attainment is not related to their chances of leaving TANF, it is related to their chances of staying off it. Clients with more than a high school degree are no more likely to leave TANF than those with less than a high school degree—about 57 percent of both groups leave within 12 months of first entry.³

²The "high-density" counties are Essex, Hudson, and Camden, the counties with highest population densities, as well as the largest TANF caseloads, in the state.

³Prior to regression adjustment, clients with at least a high school degree are seven percent more likely to leave in 12 months than those with less than a high school degree. However, this appears to be due to the fact that education is related to other factors included in the regression such as past employment experience.

However, just 24 percent of clients with some postsecondary education return to TANF in 24 months, compared to 43 percent of clients with less than a high school degree. Consequently, better-educated clients spend less total time on TANF—17 months in the four years after WFNJ entry for those with some postsecondary education, compared to 20 months for those with less than a high school degree.

In Chapter IV, we found that education is related to the probability of finding a job, yet here we see that it is unrelated to the probability of leaving TANF. The reason for this apparent discrepancy is that, as seen in Chapter II, clients with less education are more likely to be off welfare and not employed (see Table II.4). Furthermore, clients with less than a high school degree are 10 percent more likely to report being sanctioned as of the first survey than better-educated clients, which may make them more likely to exit TANF without a job.

As with education, clients' self-reported health status is not related to their chances of leaving TANF, but it is related to their chances of staying off it. Clients who usually reported fair or poor health since entering WFNJ are no less likely to leave TANF than those with better health.⁴ However, 44 percent of clients with consistently fair or poor health return within 24 months, compared to just 34 percent of healthier clients. Consequently, healthier clients spend less total time on TANF—18 months, compared to 22 months for those with usually fair or poor health.

C. HOW WILL “REMAINING” TANF CLIENTS COPE WITH TIME LIMITS?

As discussed earlier in this chapter, some clients spend substantially more time on welfare than others, particularly those with certain disadvantages, such as poor health, low education levels, and limited work histories. In this section, we look at the plans and concerns of these longer-term TANF recipients as they approach time limits. For this analysis, we examine the group of clients from our sample who remained on TANF as of the fourth survey.⁵ Although some may have left TANF and returned, these “remaining” clients have spent significantly more time on welfare than those who were not receiving cash assistance at the time of the fourth survey. Therefore, they are representative of the types of clients who will be the first to reach their TANF time limits.

⁴Clients are considered to “usually report fair or poor health” if they indicated on at least three of four follow-up surveys that their health was either fair or poor.

⁵Of the original cohort, 266 clients (about 16 percent) reported receiving cash assistance as of the fourth follow-up survey. This number is slightly different than the 13 percent who are reported as still being on TANF in Figure V.3, for two reasons. First, the survey was administered in spring 2002, whereas the numbers in the figure refer to clients' TANF status as of August 2002 based on administrative records. Second, some survey respondents have moved out of state, and thus are receiving cash welfare but do not show up in New Jersey's administrative data. Beyond that, there are inevitably some discrepancies between survey and administrative data that cannot be resolved—however, those discrepancies are relatively small and do not affect results.

- ***As time limits approach, fewer clients believe the state will stop their TANF benefits.***

More than half of these remaining clients expect to hit their time limits within a year.⁶ However, states are allowed to provide exemptions or extensions for up to 20 percent of their caseload. Moreover, in the months since the first TANF clients began to reach the five-year mark in New Jersey, the state has been granting temporary extensions to clients as they reach time limits.⁷ Therefore, more than a year after the first WFNJ clients began hitting time limits, very few clients have had their benefits end because of these limits. Therefore, in the short run at least, these clients may not be at a great risk of losing benefits. In addition, it appears that clients are becoming aware of the state's policy of granting extensions to those who reach time limits. At the fourth survey, 27 percent of these clients believed that their time limits would not be enforced, up from 7 percent at the third survey conducted a year earlier. Nevertheless, these remaining clients are the group most likely to face enforcement of time limits, should that occur. Therefore, it is important to understand how they perceive potential problems that may result from a loss of benefits and how they plan to cope with these problems.

- ***A substantial portion of remaining clients have serious concerns about the consequences of their TANF benefits ending. Those most concerned tend to be more socially isolated and have weaker work histories.***

Given that longer-term welfare recipients are particularly disadvantaged, the consequences of exhausting their welfare eligibility could be severe. As mentioned earlier, clients who spend more time on TANF have less education, poorer health, and live in poorer neighborhoods than those who spend less time on TANF. To investigate the concerns of longer-term welfare recipients, we asked these remaining clients to indicate how likely they believe various events are to happen if they were to lose their welfare benefits. They could give one of four responses to each item: "very likely," "somewhat likely," "not at all likely," or "does not know." Although we cannot know for sure these events would happen, these are things that remaining TANF recipients are genuinely concerned about.

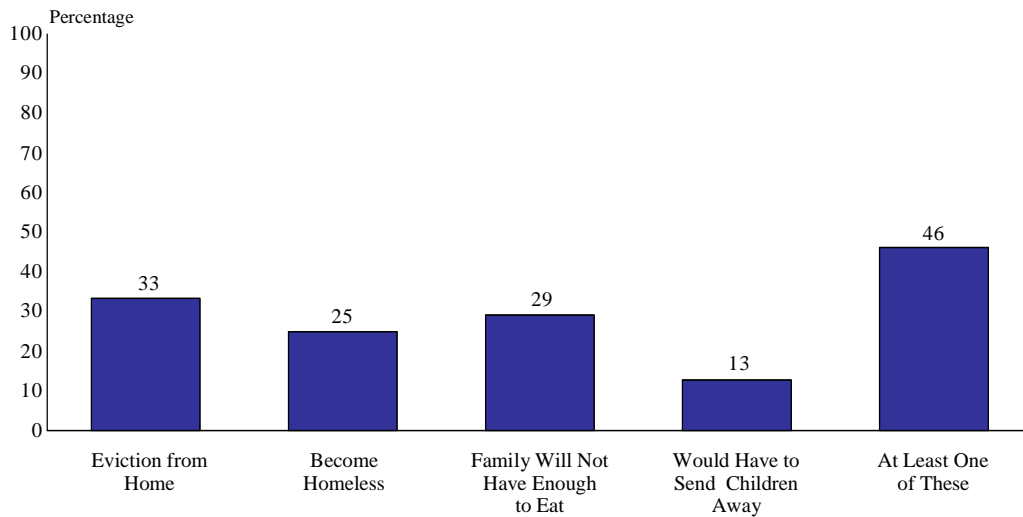
Nearly 50 percent of remaining clients say that it is "very likely" that at least one of the following will occur: eviction from their home, becoming homeless, their family not having enough to eat, or having to send their children away (Figure V.4). Being evicted from their home is the single most common worry, with 33 percent considering it "very likely" if their benefits were to end. Not having enough to eat is a close second, with 29 percent considering it "very likely" if their benefits ended.

⁶This calculation is based on remaining clients' perceptions as of the fourth follow-up survey. These perceptions may differ from reality in at least two ways. First, clients may not have known how many months of TANF eligibility they had used as of the time of the survey. Second, clients' predictions of how many months they would use after the time of the survey is understandably susceptible to error.

⁷In addition, the state grants exemptions from the time limit to clients who are 60 years of age or older, those who are permanently disabled, those caring for a severely disabled dependent, and those who are "chronically unemployable." Clients are considered to be "chronically unemployable" if they have a severe mental health problem, a chronic substance abuse problem, or a serious learning disability that prevents them from working.

FIGURE V.4

NEGATIVE EVENTS REMAINING CLIENTS WORRY ARE VERY LIKELY
TO HAPPEN IF TANF BENEFITS WERE TO RUN OUT



Source: Fourth WFNJ client survey, conducted by Mathematica Policy Research, Inc.

Note: "Remaining clients" are the 266 clients from our original sample who were receiving TANF as of the fourth survey. On average, the fourth survey was conducted 53 months after WFNJ entry. WFNJ entry pertains to the time the sample member first received cash assistance after New Jersey fully implemented WFNJ in July 1997.

TANF = Temporary Assistance for Needy Families.

Clients' estimates of the likelihood of these negative events occurring are related to their ability to find alternative means of support, either from their social support networks or employment. Clients who are most concerned also appear to be more culturally and linguistically isolated. While just 46 percent of all remaining clients are very concerned about at least one of the negative events mentioned above, 58 percent of Hispanics and 68 percent of non-English speakers are very concerned. Similarly, 59 percent of those with small social support networks and 61 percent of those who have never been employed think at least one of those events is very likely to occur (Figure V.5).

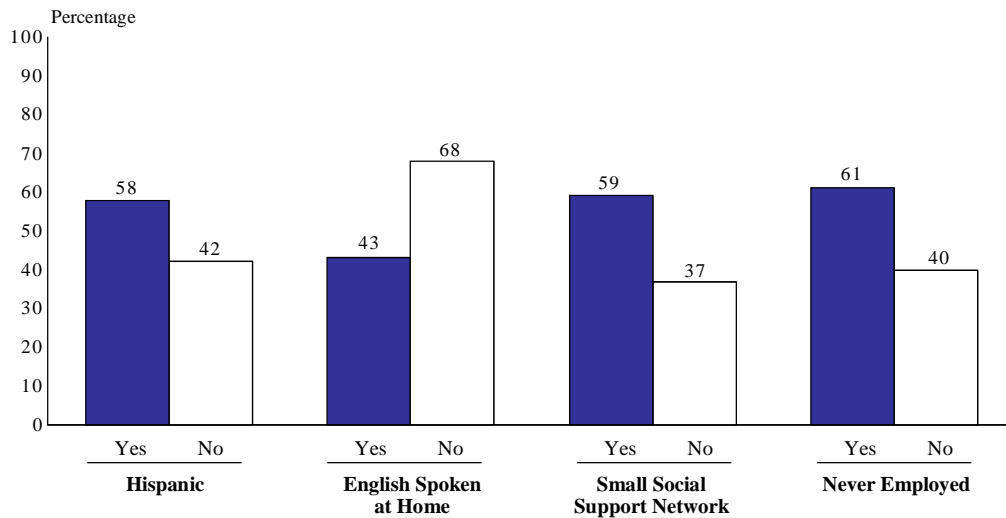
- *Nearly all remaining clients plan to get a job when they reach their time limit; for many, however, this may not be a realistic plan.*

We asked these remaining clients to indicate how they would cope if they lost their welfare benefits. Specifically, we asked them if they would get money from friends or relatives, move in with friends or relatives, send their children to live with someone else, or get a job.⁸ Nearly all respondents said they would get a job, while 38 percent said they would ask friends and relatives for money, about 30 percent said they would move in with family or friends, and slightly less than 10 percent said that they would send their child away to live with someone else (Figure V.6).

⁸We asked about all these options separately, and clients could give multiple responses.

FIGURE V.5

PERCENTAGE OF REMAINING CLIENTS WHO BELIEVE A NEGATIVE EVENT IS VERY LIKELY IF THEIR BENEFITS END, BY SUBGROUP



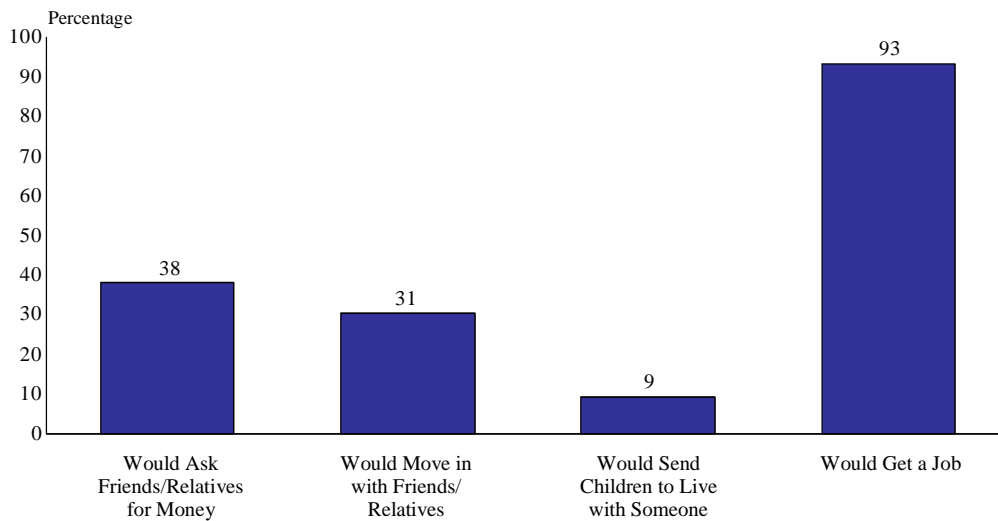
Source: Fourth WFNJ client survey, conducted by Mathematica Policy Research, Inc.

Note: "Remaining clients" are the 266 clients from our original sample who were receiving TANF as of the fourth survey. On average, the fourth survey was conducted 53 months after WFNJ entry. WFNJ entry pertains to the time the sample member first received cash assistance after New Jersey fully implemented WFNJ in July 1997. "A negative event" refers to at least one of the following: eviction from home, becoming homeless, family not having enough to eat, or having to send children away.

TANF = Temporary Assistance for Needy Families.

FIGURE V.6

HOW REMAINING CLIENTS EXPECT TO MAKE ENDS MEET IF THEIR BENEFITS WERE TO RUN OUT



Source: Fourth WFNJ client survey, conducted by Mathematica Policy Research, Inc.

Note: "Remaining clients" are the 266 clients from our original sample who were receiving TANF as of the fourth survey. On average, the fourth survey was conducted 53 months after WFNJ entry. WFNJ entry pertains to the time the sample member first received cash assistance after New Jersey fully implemented WFNJ in July 1997.

TANF = Temporary Assistance for Needy Families.

Although most plan to get a job, this may not be a realistic plan for such a disadvantaged group. To investigate the plausibility of remaining clients' plans to find work, we compare them to clients who are no longer receiving TANF and who have been employed at some point since their initial entry into WFNJ. Remaining TANF clients who plan to find a job when their benefits expire are significantly more disadvantaged than those who have already left welfare for work. Remaining clients are 13 percent less likely to have worked in the two years prior to WFNJ entry and they have spent an average of 13 more months on TANF than clients who have left welfare and found jobs. Furthermore, they are more likely to live in poor neighborhoods and high-density counties (Table V.2).

In addition to differences in living environment and welfare/work histories, remaining welfare recipients are also less educated and have more health problems than those who have left TANF. Remaining welfare recipients are 13 percent less likely to have a high school degree, and they are 10 percent more likely to have had consistently fair or poor health over the past five years. Perhaps most significantly, remaining welfare recipients are almost twice as likely than former clients to have had a health problem that prevented them from working (31 versus 17 percent) or to have had a family member with a health problem that prevented the client from working (42 versus 24 percent) (Table V.2).

TABLE V.2

CHARACTERISTICS OF REMAINING CLIENTS PLANNING TO GET A JOB IF THEY
LOSE THEIR TANF ELIGIBILITY COMPARED TO CLIENTS
WHO ARE OFF TANF AND HAVE FOUND WORK
(Percentages, Unless Otherwise Indicated)

Characteristic	Clients No Longer on TANF Who Have Been Employed at Least Once Since Entry	Remaining Clients Who Plan to Get a Job if They Lose Eligibility
Worked in Two Years Prior to WFNJ Entry	60	47***
Proportion of Time Employed Since WFNJ Entry		
Never employed	0	21***
Employed less than half of months	35	60***
Employed more than half of months	65	20***
Average Months on TANF Since WFNJ Entry	16	29***
Spent at Least 32 Months on TANF Since Entry	14	50***
County of Residence		
Low density	23	11***
Medium density	29	29
High density	49	60***
Poverty Level of Neighborhood ^a		
Low	29	18***
Medium	34	39
High	37	43*
Education at WFNJ Entry		
Less than high school diploma	34	47***
High school diploma only	48	41*
More than high school diploma	18	12**
Had a Health Problem in the Past Five Years that Prevented Work	17	31***
Had a Family Member with a Health Problem that Limited Sample Member's Work	24	42***
Usually Reported Fair or Poor Health over the Past 5 Years ^b	17	27***
Marital Status at WFNJ Entry		
Never married	66	78***
Formerly married	30	20***
Married, spouse present	4	2
Sample Size	1,119	249

Source: WFNJ administrative records data and WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: "Remaining clients" are the 266 clients from our original sample who were receiving TANF as of the fourth survey. These values are not regression adjusted.

^aPoverty status of neighborhood defined based on five-digit zip-code area using data from the 2000 U.S. census. A "low" poverty neighborhood is one in which fewer than 10 percent of residents live below the poverty threshold; a "medium" poverty neighborhood is one in which 10 to 20 percent of residents live below the poverty threshold; and a "high" poverty neighborhood is one in which 20 percent or more of the residents live below poverty.

^bClients who reported fair or poor health for at least three of the four surveys are classified as usually having fair/poor health.

*/**/** Difference between mean for clients in this group and those for clients in the comparison group (reported in the left column) statistically significant at the .10/.05/.01 level.

VI

MARRIAGE AND WFNJ CLIENTS

Increasingly, the welfare policy debate is focusing on marriage and family formation. Previous research suggests that marriage reduces the risk of welfare dependence among single parents and that children typically fare better in two-parent families, particularly families with their two biological parents (McLanahan 1997; Harris et al. 1998; Amato 2001; and Lerman 2002). Therefore, the federal welfare reform legislation of 1996, which created the TANF program, placed emphasis on promoting marriage and discouraging out-of-wedlock childbearing. In addition, when the federal TANF legislation is reauthorized in the coming months, it is likely to place an even greater emphasis on marriage, including the possibility of allocating substantial federal funds to programs designed to promote healthy marriage among low-income parents.

In this chapter, we consider the typical marriage patterns of TANF recipients, as well as how marriage and economic outcomes are related among the women in this population, for the early group of WFNJ clients we are tracking in this study. We focus on four broad questions: (1) How common is marriage for WFNJ clients? (2) Which clients are most likely to marry? (3) How does marriage affect clients' economic status

KEY FINDINGS FROM THIS CHAPTER

- ***Marriage is fairly uncommon for WFNJ clients during the first few years after they enter the program.*** Only nine percent of clients who were unmarried when they entered the program were married and living with a spouse at the fourth survey (conducted, on average, four and a half years after program entry).
- ***Marriage in the years immediately after WFNJ entry is most common for clients who were previously married when they entered the program.*** Among clients who were separated at WFNJ entry, 22 percent were married and living with a spouse at the fourth survey, compared to only 5 percent for similar clients who had never been married when they entered the program. In most cases, these “marriages” of initially separated clients represent reconciliations between a married couple who had been living apart.
- ***Clients who marry after entering WFNJ have substantially higher incomes and face fewer extreme hardships than do similar clients who remain single.*** For example, their incomes are 65 percent above the poverty threshold, on average, compared to only 10 percent for similar single clients. In addition, married clients are less likely to have been evicted or to have experienced hunger in the past year.
- ***The marriages of WFNJ clients are relatively unstable.*** More than a third of clients who were married shortly after entering WFNJ were not living with their spouses three years later. This level of marital breakup is more than twice the national rate for all marriages.

and well-being? and (4) How stable are the marriages of WFNJ clients? For all analyses presented in this chapter, we restrict the sample to the 97 percent of WFNJ clients in the study who are women.

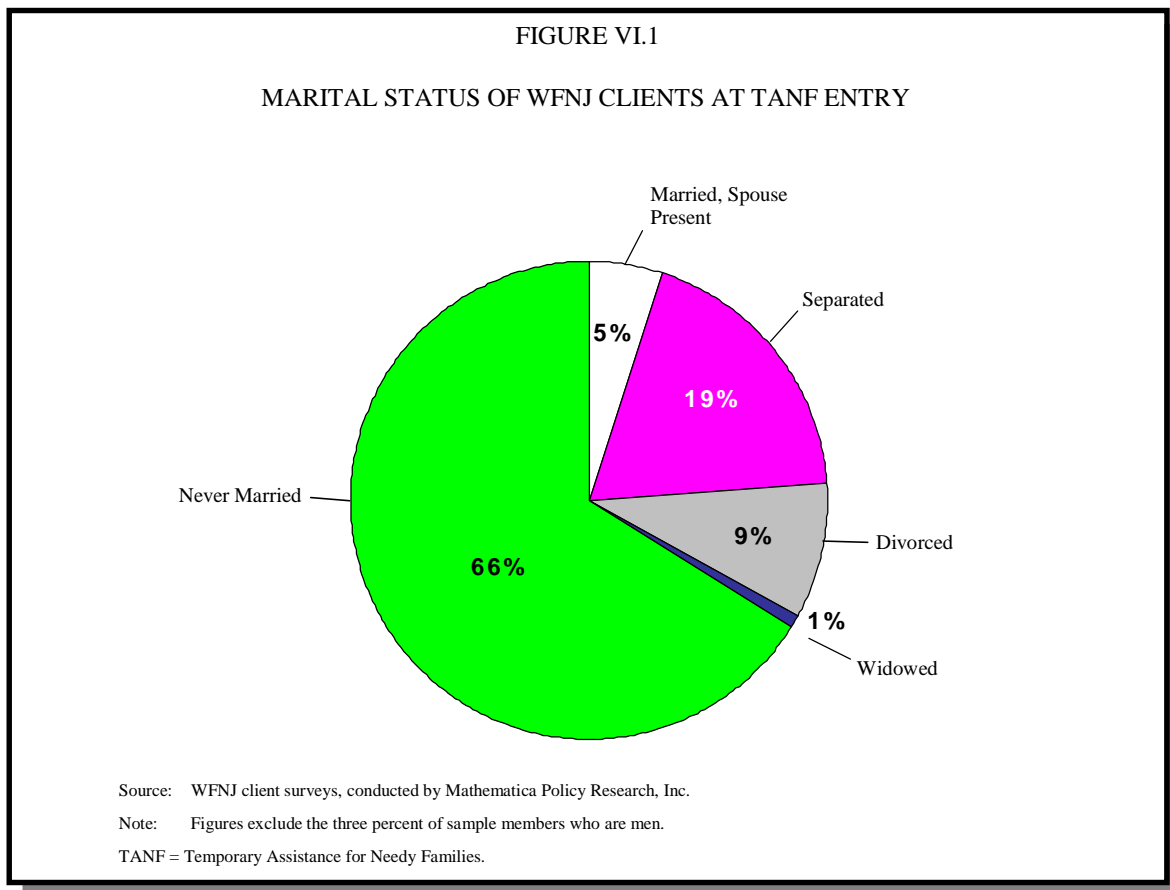
A. HOW COMMON IS MARRIAGE FOR WFNJ CLIENTS?

How common is marriage for the women in this population? In this section, we examine the marital status of clients when they entered WFNJ, as well as their patterns of marriage and cohabitation during the four-to five-year period after they entered the program.

- *Nearly all clients enter WFNJ unmarried. Moreover, marriage remains uncommon among these clients during the first few years after program entry.*

Most women who enter the TANF program have never been married. At WFNJ entry, two-thirds of clients had never married (Figure VI.1). Most others had been married—19 percent were separated when they entered the program, and 9 percent were divorced. Only five percent were married and living with their husbands at program entry.

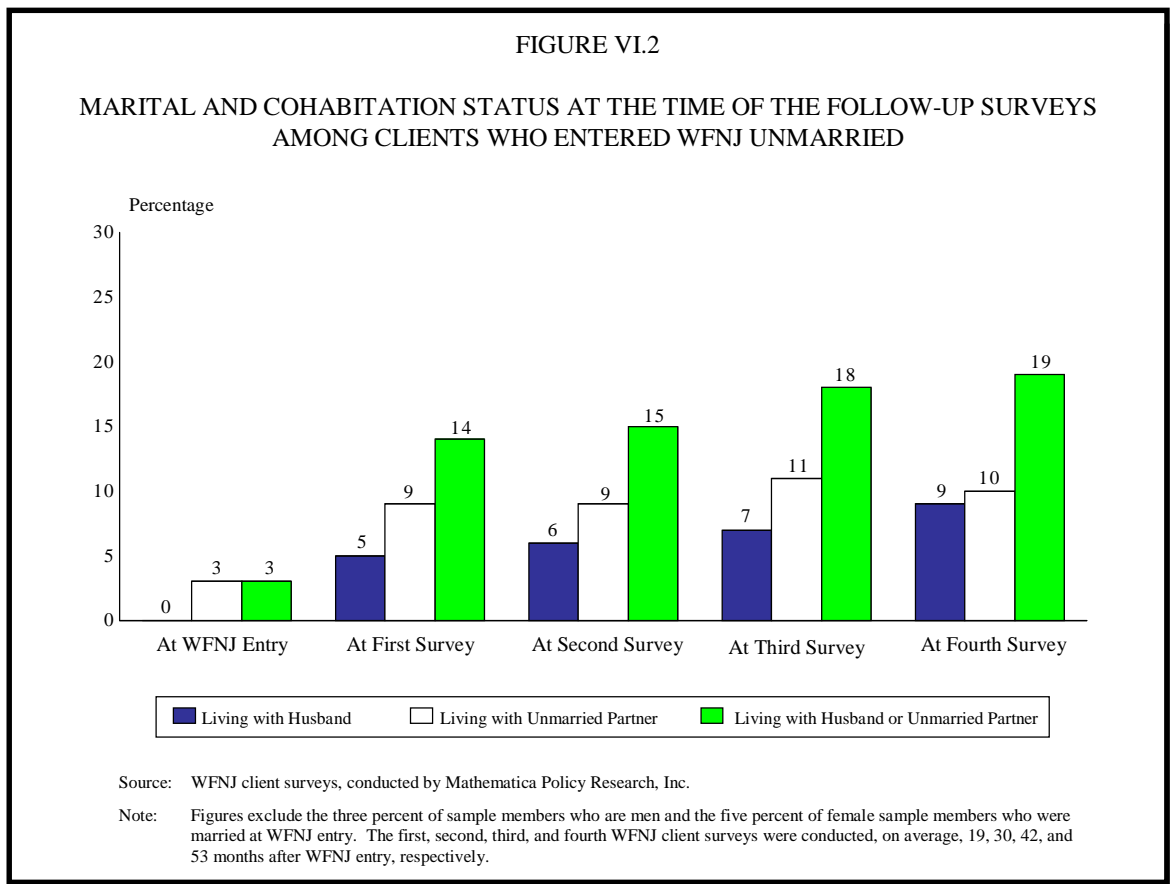
Among the 95 percent of women who entered WFNJ unmarried, marriage remained uncommon during the first few years after entering the program. At the fourth survey (conducted about four and a half years after they entered the program), only nine percent



of these women were married and living with their husbands (Figure VI.2). Cohabitation is at least as common as marriage for these clients. Throughout the follow-up period, more women from this early group of WFNJ clients were living with an unmarried partner than with a husband; however, the proportion married has caught up with the proportion cohabiting over time. At the fourth survey, 10 percent were living with an unmarried partner, compared with 9 percent living with their husbands (Figure VI.2).

B. WHICH CLIENTS ARE MOST LIKELY TO MARRY?

Some groups of clients are much more likely than others to marry. Here, we look at how the likelihood of being married and living with a spouse at the fourth survey varies by clients' characteristics at WFNJ entry. We also look at how their likelihood of cohabiting varies by these characteristics. We conducted this analysis using a multivariate statistical model that controls for other observed client characteristics when estimating these likelihoods.¹



¹The full set of controls includes clients' age, sex, ethnicity, and education; marital and cohabitation status at WFNJ entry; the number and age of their children at WFNJ entry; whether they speak English at home; their self-reported health status; their pre-WFNJ entry welfare and work history; and whether they received welfare growing up. It also includes whether they grew up in a two-parent household; whether they lived in a high-, medium-, or low-poverty area at WFNJ entry; whether they were from a high-, medium-, or low-density county; and whether they had a family member who received SSI when they entered the program.

- ***Marriage is much more common for clients who had been married before entering WFNJ. Many of these “marriages” are reconciliations between married couples who were living apart.***

Clients who were formerly married at WFNJ entry are much more likely to be married and living with a spouse in the years after entering the program than are similar clients who had never married when they entered the program. Clients who were initially separated were particularly likely to be married and living with a spouse at the fourth survey. Among clients who were separated at WFNJ entry, 22 percent were married and living with their husbands four and a half years later, compared to only 5 percent of those who were never married (Table VI.1). Divorced and widowed clients were also substantially more likely than never-married clients to be married and living with a spouse at the time of the fourth survey, although not as likely as separated clients.

Many post-WFNJ-entry “marriages” of separated WFNJ clients are reconciliations between a married couple who had been living apart. Among clients who were separated when they entered WFNJ and were married and living with a spouse four and a half years later, 77 percent had simply moved back in with a spouse they had married before entering the program. These reconciliations make up a fairly large portion of all marriages for this group—a third of marriages over the follow-up period among those who entered the program unmarried are of this type.

For the two-thirds of clients who had never married when they entered the program, marriage is rare. Only five percent of these clients were married at the end of the four-and-a-half-year follow-up period (Table VI.1). Cohabitation is much more common than marriage for this group; 10 percent were cohabiting at the end of the period.

- ***African American clients are much less likely than similar white clients to marry or cohabit.***

The likelihood of marriage and cohabitation for WFNJ clients varies substantially by ethnicity. In particular, African American clients are much less likely to marry or cohabit than are similar white clients. At the fourth survey, an African American client who otherwise had the average characteristics of all WFNJ clients is predicted to have only a six percent probability of being married and living with a spouse and a six percent probability of cohabiting (Table VI.1). In contrast, a similar white client is predicted to have a 15 percent chance of being married and living with a spouse at the fourth survey and a 16 percent chance of living with an unmarried partner. For Hispanic clients, marriage and cohabitation are more common than for similar African American clients but less common than for similar white clients.

These large differences in propensities to marry or cohabit by ethnicity are similar to national patterns for the general population. For example, as of 1995, white women in the general U.S. population had an 81 percent probability of being married by age 30, while Hispanic women had a 77 percent probability (National Center for Health Statistics 2002). African American women had only a 52 percent probability of being married by this age.

TABLE VI.1

PROBABILITY OF BEING MARRIED OR COHABITING AT
THE FOURTH SURVEY, BY CLIENT CHARACTERISTICS
(Women Who Were Not Married at WFNJ Entry Only)

	Percentage with Characteristic	At Fourth Survey, Predicted Probability		
		Married, Spouse Present	Cohabiting with Unmarried Partner	Married or Cohabiting
Overall	100	9	10	19
Age at WFNJ Entry (in Years)				
<i>Younger than 20</i>	10	12	10	22
20 to 24	24	12	10	21
25 to 29	20	16	11	26
30 to 34	17	7	11	17
35 to 39	15	7	9	15
40 or older	14	6	7	12*
Ethnicity				
<i>African American</i>	52	6	6	11
Hispanic	27	10*	13**	23***
White/Other	22	15***	17***	32***
Education at WFNJ Entry				
<i>Less than high school</i>	39	8	10	18
High school only	45	10	10	20
More than high school	16	10	11	20
Work Experience in Two Years Prior to WFNJ Entry				
<i>Did not work at all</i>	45	9	10	19
Worked in 1 to 3 quarters	27	10	11	21
Worked in 4 or more quarters	27	10	9	19
Number of Children at WFNJ Entry				
1	46	9	10	19
2	30	11	10	21
3	16	8	9	17
4 or more	8	10	9	19
Age of Youngest Child at WFNJ Entry (in Years)				
<i>Younger than 1</i>	20	10	11	21
1 to 2	23	13	13	25
3 to 5	26	8	10	18
6 or older	32	8	6**	14**
Marital Status at WFNJ Entry				
Living with unmarried partner	3	10	28***	40***
Separated, no partner	19	22***	5**	27**
Divorced or widowed, no partner	11	14***	9	22
<i>Never married, no partner</i>	68	5	10	16
Grew Up in Two-Parent Household				
<i>No</i>	51	8	10	18
Yes	49	11**	9	20
Received Welfare Growing Up				
<i>No</i>	62	11	9	20
Yes	38	7**	11	18
Sample Size = 1,476				

TABLE VI.1 (continued)

Source: WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: The predicted probabilities presented here are based on the results from estimating a logistic regression model. They represent the likelihood of the outcome in question for a client who has the particular characteristic in the table but who otherwise has the average characteristics of all clients. In addition to the client characteristics in this table, the model included and controlled for clients' pre-WFNJ entry welfare history, whether they lived in a high-, medium-, or low-poverty area at WFNJ entry, whether they were from a high-, medium-, or low-density county, whether they had a family member who received SSI when they entered the program, their self-reported current health status, and the size of their social support networks. Differences in predicted probabilities for the characteristics not included in the table were generally small and statistically insignificant.

Tests of statistical significance reported here refer to the difference between the predicted probability for clients with the particular characteristic and the predicted probability for those in the reference category in each group. For each characteristic, the reference category is indicated by italics. For example, for the characteristic "age," the reference category is "Younger than 20," and all significance tests compare the predicted probability for those in a particular age category to the value for those who are younger than 20.

* Difference between the predicted probability for clients with this characteristic and for those in the italicized reference category significant at the .10 level.

** Difference between the predicted probability for clients with this characteristic and for those in the italicized reference category significant at the .05 level.

*** Difference between the predicted probability for clients with this characteristic and for those in the italicized reference category significant at the .01 level.

• ***WFNJ clients who are older and have older children are less likely than other clients to marry or cohabit.***

Clients who entered WFNJ when they were older are less likely than other clients to marry or cohabit. However, these propensities do not decline steadily with age. In fact, clients who enter the program in their later 20s are the most likely age group to marry over the next several years. They have a predicted probability of 16 percent of being married and living with a spouse at the fourth survey, compared to a 12 percent probability for those who entered WFNJ before they were 25 (Table VI.1). However, those who entered WFNJ when they were 40 or older are particularly unlikely to marry, with only a six percent probability of being married at the fourth survey.

Having older children also reduces clients' likelihood to marry or cohabit. The presence of older children in the household has a particularly strong negative effect on the likelihood of cohabitation. Those whose youngest child was older than age 6 at program entry are predicted to have only a 6 percent probability of cohabiting at the end of the follow-up period, compared to 11 to 13 percent probability for similar clients whose youngest child was younger than age 3 (Table VI.1). Family background also appears to play a role in clients' likelihood of getting married. Clients who grew up in two-parent families and families that did not receive welfare are somewhat more likely than other clients to be married at the end of the follow-up period (Table VI.1).

C. HOW DOES MARRIAGE AFFECT ECONOMIC WELL-BEING?

Some policymakers want to promote marriage among low-income, unwed parents because it is thought that marriage will improve the economic status and well-being of these families. Having a second adult in the family who can contribute financially (and in other ways) to the household should increase the income of these families and improve their standard of living. In addition, having both parents in the household should increase

the amount of attention and emotional support children receive, potentially improving other noneconomic outcomes.

In this section, we consider the effect of marriage on economic well-being for our sample of WFNJ clients. First, we look at the relationship between marital status and income levels among WFNJ clients. In examining this relationship, we use multivariate statistical models that control for differences between married, cohabiting, and single women in education levels, work experience, age, ethnicity, and other observed characteristics.² The income measure we use for this analysis is the ratio of family income to the poverty threshold. We chose this measure because it adjusts for family size and accounts for the fact that larger families require larger incomes.

We then examine how marriage is related to other measures of economic well-being, including health insurance coverage, housing problems, and food security. As with income, we analyze these latter measures using multivariate statistical models that control for observed differences between married, cohabiting, and single clients.

- ***WFNJ clients who marry or cohabit in the few years after entering WFNJ have substantially more income than similar clients who do not.***

WFNJ clients who were married at the fourth survey have substantially higher family incomes than similar clients who were not married or living with a partner. On average, married clients had incomes that were 65 percent above the poverty threshold, whereas similar single clients had incomes that were only 10 percent above poverty (Figure VI.3). Cohabiting clients also had substantially higher incomes than single clients. Their incomes were 58 percent above the poverty threshold, on average.

Married and cohabiting clients have higher incomes than unmarried clients because, in most cases, their husband or unmarried partner works, and the earnings of these men are a substantial contribution to family income. About two-thirds of these men work. On average, the earnings from those who work contribute about \$20,000 to the families' annual income (not shown). This additional income from the spouse's or partner's earnings more than offsets the additional income single clients receive from public assistance and child support (Figure VI.3). These findings suggest that, not surprisingly, having another potential earner in the family has a large positive effect on family income.

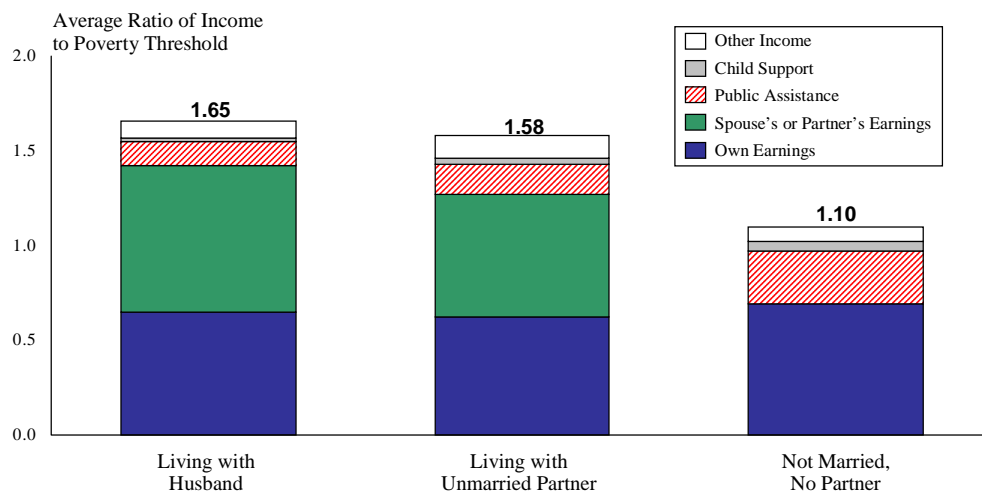
- ***Married WFNJ clients are more likely than similar single clients to have private health insurance and have lower incidence of certain extreme hardships.***

Married clients also fare better than similar unmarried clients on other measures of economic status. For example, they are much more likely than similar single clients to have private health insurance coverage—44 versus 15 percent (Table VI.2). This is most likely because some married women obtain insurance coverage through their husbands' employer. In spite of this advantage, however, married clients are no more likely to be

²We refer to clients who are neither married and living with their spouses nor living with an unmarried partner as "single."

FIGURE VI.3

**FAMILY INCOME RELATIVE TO THE POVERTY THRESHOLD AT THE FOURTH SURVEY,
BY MARRIAGE AND COHABITATION STATUS**
(Women Who Were Not Married at WFNJ Entry Only)



Source: Fourth WFNJ client survey, conducted by Mathematica Policy Research, Inc.

Note: Results based on a multivariate analysis that adjusts for differences across marriage/cohabitation statuses, in age, education, ethnicity, age and number of children, employment and welfare history, and other observed background characteristics. Marriage and cohabitation status refer to the time of the fourth survey conducted, on average, 53 months after WFNJ entry.

insured, since single clients are much more likely than married clients to have insurance coverage through a government program.

Similarly, married clients have lower incidence of certain extreme hardships than do similar single clients (Table VI.2). For example, they are less likely than single clients to have been evicted in the past year (one versus five percent). They are also less likely to have experienced hunger during this period (6 versus 12 percent). However, adding an additional adult to the household can lead to overcrowding. In spite of their higher incomes, married clients are substantially more likely than single clients to live in overcrowded housing conditions (23 versus 13 percent).

- ***In spite of their higher income levels, cohabiting clients do not fare better than single clients on other measures of economic well-being.***

Across these measures of economic well-being, cohabiting clients do not appear to have the advantages that married women have. For example, they are less likely than other women to have health insurance. Among cohabiting clients, 64 percent have insurance coverage, compared to 79 percent of married clients and 76 percent of single clients (Table VI.2). One reason for this disadvantage may be that cohabiting women typically have less access to health insurance through their partner's employer than do married women. Similarly, cohabiting clients do not have the advantages that married clients have over similar single clients in housing stability and food security, although they have incomes similar to those of married clients.

TABLE VI.2				
INSURANCE COVERAGE, HOUSING PROBLEMS, AND FOOD SECURITY AMONG WFNJ CLIENTS, BY MARRIAGE AND COHABITATION STATUS (Women Who Were Not Married at WFNJ Entry Only) (Percentages)				
	Marriage and Cohabitation Status at Fourth Survey			
	Married, Spouse Present	Cohabiting with Unmarried Partner	Not Married, No Partner	All Clients
Current Health Insurance Status				
Has public insurance	37***	43***	63	58
Has private insurance	44***	24***	15	19
Has any insurance	79	64***	76	75
Housing Problems in Past Year				
Water or electricity cut off	7	6	9	9
Evicted from residence	1*	6	5	5
Moved two or more times	5	9	7	7
Living in overcrowded conditions ^a	23***	24***	13	15
Food Security in Past Year				
Food secure	77*	74	70	71
Food insecure, no hunger	18	15	18	18
Food insecure with hunger	6**	11	12	12
Sample Size	141	158	1,177	1,476
Source:	Fourth WFNJ client survey, conducted by Mathematica Policy Research, Inc.			
Note:	Results based on a multivariate analysis that adjusts for differences across marriage/cohabitation statuses, in age, education, ethnicity, age and number of children, employment and welfare history, and other observed background characteristics. Marriage and cohabitation status refer to the time of the fourth survey conducted, on average, 53 months after WFNJ entry.			
	Tests of statistical significance reported here refer to the difference between the percentage for those in a particular marriage/cohabitation status category and those in the “not married, no partner” category.			
^a Figures refer to current living situation only.				
* Difference between the percentage for clients in this marriage/cohabitation category and those in the "not married" category significant at the .10 level.				
** Difference between the percentage for clients in this marriage/cohabitation category and those in the "not married" category significant at the .05 level.				
*** Difference between the percentage for clients in this marriage/cohabitation category and those in the "not married" category significant at the .01 level.				

Why do the higher incomes of cohabiting clients not translate into reduced levels of hardship among these women? One possible explanation is that these living arrangements may be particularly short term and unstable. In many cases, they may not have been in place the full previous year (the time period over which these hardships are measured). In addition, cohabiting couples may share resources less extensively than married couples do. Therefore, the earnings of an unmarried partner may have less impact on the family's economic status than a spouse's earnings would.

D. HOW STABLE ARE THE MARRIAGES OF WFNJ CLIENTS?

To improve our understanding of the effect of marriage on the economic status of WFNJ clients, it is important to examine the stability of their marriages. The economic advantages these women enjoy may be short lived if their marriages break up quickly.

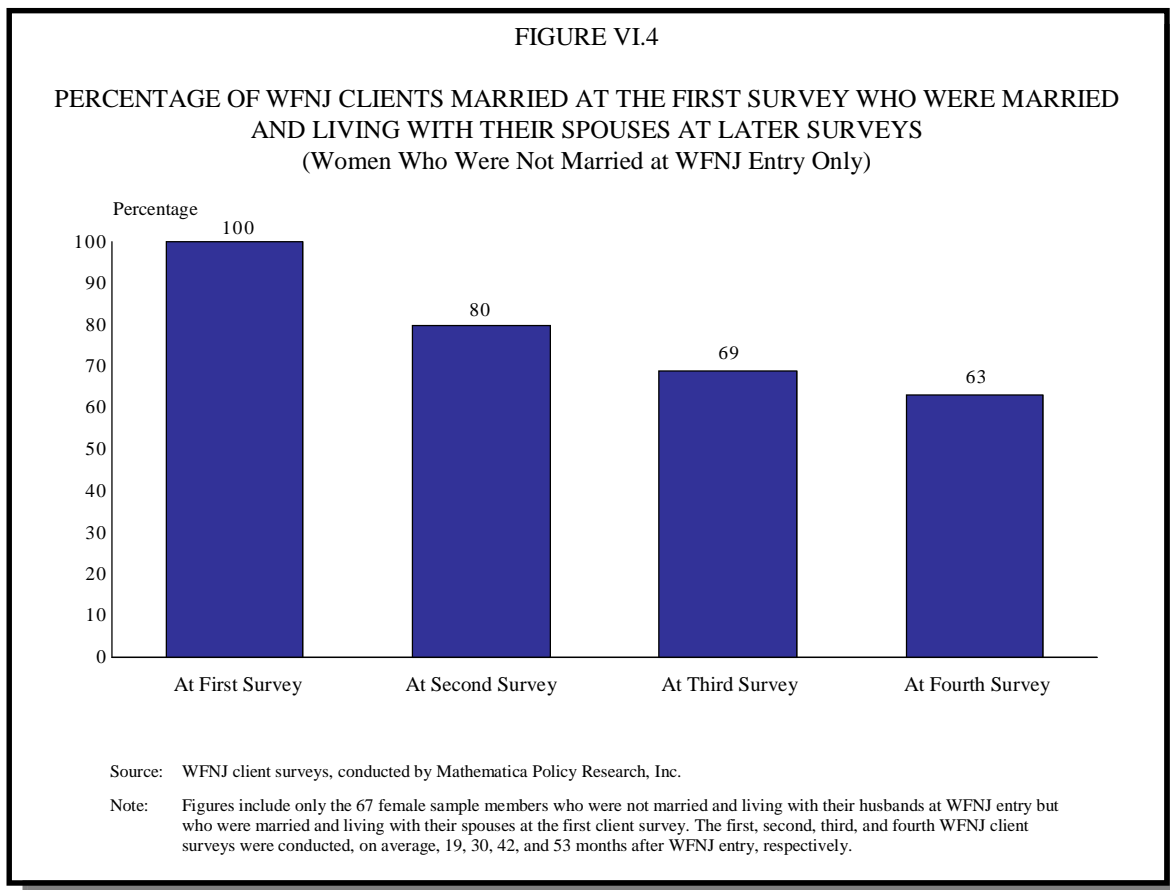
Moreover, their low incomes, as well as the other challenges they face, may create additional stresses on these marriages that may make them more fragile than marriages in the general population. In this section, we consider the stability of the marriages of WFNJ clients who marry shortly after entering the program.

To consider this issue, we examine the marriages of the 67 women in our sample who were not married when they entered WFNJ but who were married by the time of the first survey (conducted, on average, 19 months after program entry). We then measure how many of these women were still married at each of the subsequent follow-up surveys. For comparison, we also examine the stability of the marriages of the 80 women in our sample who were married when they entered WFNJ.

- *For clients who marry after entering WFNJ, marriages are relatively unstable.*

Many marriages that occur shortly after clients enter the program end quickly. Among clients who were not married when they entered WFNJ but were married at the first survey, 37 percent were no longer married and living with their spouses at the fourth survey three years later (Figure VI.4).

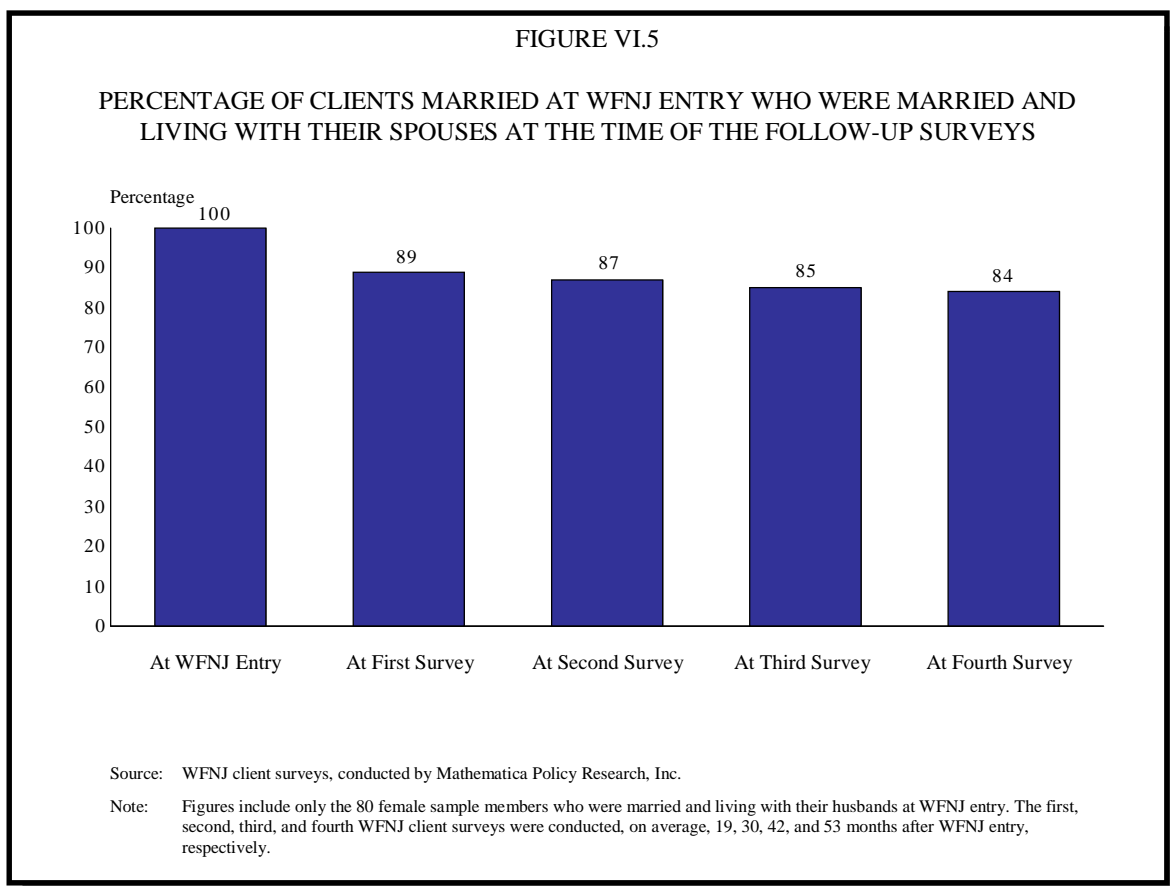
To put this percentage into context, among the general U.S. population, 12 percent of first marriages fail in their first three years, while 15 percent of second marriages fail within this period (National Center for Health Statistics 2001). In general, marriages are most likely to fail in their early years, and second marriages are more likely to fail than



first ones. Therefore, a 15 percent marital dissolution rate over three years is a reasonable benchmark for comparison, much higher than the 37 percent rate observed for our sample. Although our sample for this comparison is small, this large difference is statistically significant. Therefore, we can conclude that the marriages of WFNJ clients break up at substantially higher rates than do marriages generally.

In contrast, the small percentage of WFNJ clients who were married and living with their spouses when they entered the program have marriages that are about as stable as those of the general population. Four and a half years after entering WFNJ (at the fourth survey), only 16 percent of initially married clients were no longer married and living with their spouses (Figure VI.5). This rate of marital dissolution is almost identical to the rate for married couples in the general U.S. population. On average, initially married WFNJ clients had been married for 10 years when they entered the program. Based on national data from 1995, married couples in the general U.S. population at this point in their marriages have a 15 percent chance of breaking up over the next five years, almost identical to the rate observed among WFNJ clients who were married at program entry (National Center for Health Statistics 2001).

Why do clients who marry after entering WFNJ have more unstable marriages than clients who enter the program married? One possible explanation is that, unlike the marriages of couples who enter the program married, these post-WFNJ-entry marriages often involve children who are not the biological children of both members of the couple, and this situation may create additional stress on the marriage. In addition, as described earlier in this chapter, about a third of these post-WFNJ-entry marriages are



reconciliations between couples who separated before the woman entered WFNJ. These couples already have a history of breaking up, which may indicate that they are prone to breaking up again.

E. WHAT ARE THE IMPLICATIONS FOR POLICY?

In light of the growing federal emphasis, many policymakers and program operators are exploring options for implementing programs to support marriage among low-income parents. The results presented in this chapter should provide some guidance to state and local leaders who are planning their response to the new federal focus on marriage.

First, marriage is rare for TANF recipients during the first few years after they enter the program; however, the small number who do marry experience significant economic benefits. This pattern suggests substantial opportunity for increasing healthy marriage among this population through program and policy changes. Furthermore, interventions that succeed in encouraging marriage also may succeed in improving family economic well-being. Currently, however, evidence on the effectiveness of these interventions is limited, as programs to promote healthy marriage among low-income parents are only now being implemented. As these programs become more common, it will be important to examine their effects on marriage, economic well-being, and child outcomes.

Second, certain cautions are in order. When developing interventions that support marriage, policymakers will have to pay particular attention to the issue of domestic violence so that no one is encouraged to enter into or remain in an abusive or dangerous relationship. In addition, the high rate of marital dissolution among TANF recipients who married after entering the WFNJ program suggests that programs should address the issues of separation and divorce, and that they should work with couples both before and after the marriage to help them cope with and manage problems that can lead to marital breakup.

Finally, encouraging marriage cannot be the only focus of a comprehensive strategy for promoting self-sufficiency among TANF recipients. Their low rate of marriage suggests that, even with a stronger marriage focus within the TANF program—including the introduction of successful interventions that substantially increase the rate of marriage among this population—marriage alone is unlikely to provide a path off welfare and out of poverty for most TANF recipients. Policies that promote healthy marriage may best be viewed as one component of a larger strategy that also focuses on work and the attainment of employment skills to reduce welfare dependence and improve economic well-being among TANF recipients.

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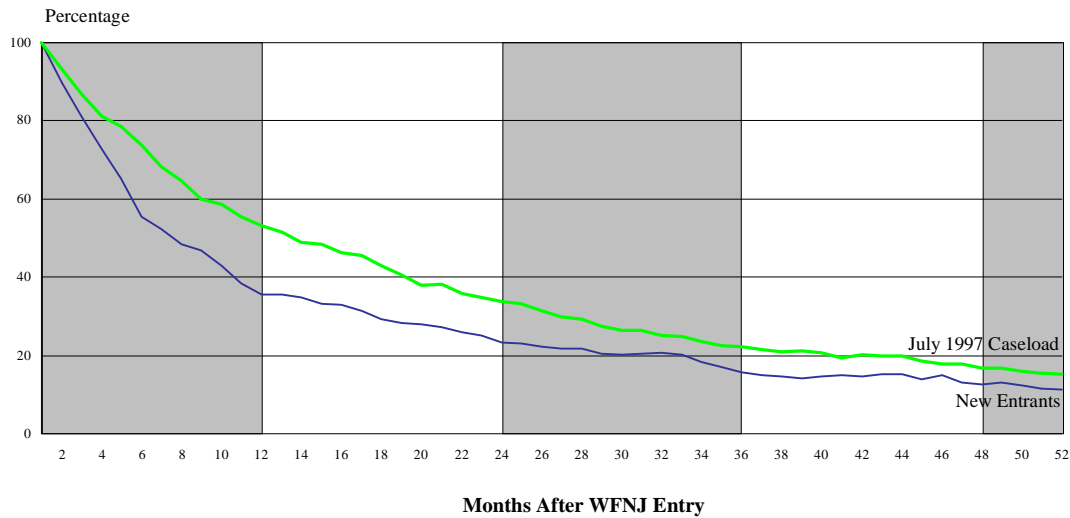
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APPENDIX A

SUPPLEMENTAL FIGURES

FIGURE A.1

PERCENTAGE RECEIVING TANF AMONG THE JULY 1997 CASELOAD
AND NEW WFNJ ENTRANTS, BY MONTH AFTER WFNJ ENTRY



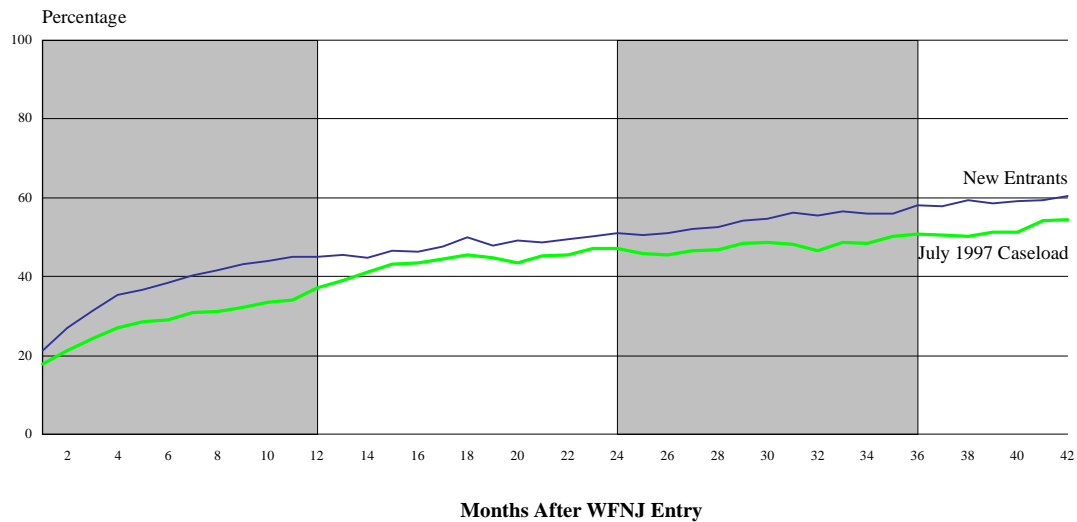
Source: Calculations by Mathematica Policy Research, Inc. using WFNJ administrative records data.

Note: The "July 1997 Caseload" represents those who entered WFNJ from the ongoing AFDC caseload when WFNJ was fully implemented in July 1997. "New Entrants" represent those who were not part of the AFDC caseload when WFNJ was implemented but who subsequently entered the program during its first year and a half.

AFDC = Aid to Families with Dependent Children; TANF = Temporary Assistance for Needy Families.

FIGURE A.2

PERCENTAGE EMPLOYED AMONG THE JULY 1997 CASELOAD
AND NEW WFNJ ENTRANTS, BY MONTH AFTER WFNJ ENTRY



Source: WFNJ client surveys, conducted by Mathematica Policy Research, Inc.

Note: The "July 1997 Caseload" represents those who entered WFNJ from the ongoing AFDC caseload when WFNJ was fully implemented in July 1997. "New Entrants" represent those who were not part of the AFDC caseload when WFNJ was implemented but who subsequently entered the program during its first year and a half.

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